Price Programs

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PRICE PROGRAMS

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INTRODUCTION

The United States Department of Agriculture carries on a number of operations aimed at protecting prices received by farmers for agricultural commodities. These operations, commonly referred to as "price programs," include the price-support, International Wheat Agreement, section 32, special school milk, marketing agreement and order, and sugar programs.

The price problem is approached a little differently through operations under each of these programs.

Under the price-support program, price minimums or "floors" are established for a number of commodities. Support is achieved through loans, purchases, purchase agreements, and, in the case of wool and mohair, through payments—beginning with the 1955 marketing year (April 1, 1955, to March 31, 1956).

The International Wheat Agreement seeks to assure markets for wheat to exporting countries and supplies of wheat to importing countries at equitable prices. Under the Agreement, the United States is obligated to sell specified quantities of wheat to importing countries if the importing countries offer the maximum Agreement price; and the importing countries are obligated to buy specified quantities of wheat from the United States if the United States offers the wheat for sale at the minimum Agreement price.

Removal of surpluses, with consequent strengthening of prices, is the objective of programs carried on under section 32 (of Public Law No. 320, 74th Cong., as amended). This legislation makes an amount equal to 30 percent of the receipts collected under the customs laws available for encouraging the exportation of agricultural commodities and products; encouraging the domestic consumption of commodities and products by diverting them from the normal channels of trade or by increasing their use among persons in low-income groups; and reestablishing farmers' purchasing power by making payments in connection with the normal production of any agricultural commodity for domestic consumption.

The special school milk program encourages increased consumption of milk, thereby strengthening milk prices as well as improving diets of school children.

Marketing agreement and order programs enable farmers to establish and maintain orderly marketing conditions for certain agricultural commodities and their products. Milk-order programs establish

equitable minimum prices that handlers or distributors are required to pay producers for milk going into various uses. For commodities other than milk—principally tree fruits, tree nuts, and vegetables—minimum prices are not established; but prices are strengthened through control of quantity, quality, and rate of shipment from producing areas.

The sugar program stabilizes prices through the regulation of imports of sugar from foreign areas and marketings of sugar produced in domestic areas.

These programs are discussed in some detail in this publication under separate chapter headings.

Additional chapters have been included as background. One of these covers parity, because most price-support operations are carried on with reference to specific percentages of parity. Another goes into the national school lunch program, through which some of the food commodities acquired under price support and section 32 are used to improve the diets of school children. Still another has to do with the supply program which, although not a price program, nevertheless affects prices to some extent. Because of the tendency of many persons to refer to all price programs as "subsidy programs," a chapter on wartime consumer-subsidy programs has been included. A separate chapter describes the overall functions and organization of the Commodity Credit Corporation (CCC).

More complete information on the programs described briefly in this bulletin is contained in the following publications: Price Support Handbook; CCC Price Support Statistical Handbook; Commodity Credit Corporation Charts; Parity Handbook; Section 32 Handbook; Questions and Answers on Federal Milk Marketing Orders; The National School Lunch Program—a Progress Report; and Agriculture Handbook No. 79, a compilation of various laws affecting price programs. Current information on the programs is contained in Active and Announced Price Support Programs Approved by Board, of Directors; CCC Report of Financial Condition and Operations; Announced Programs under Section 32 and Section 6 of the National School Lunch Act; and United States Department of Agriculture press releases. Publications listed above may be obtained from the Office of Information, United States Department of Agriculture, Washington 25, D. C.

THE PRICE-SUPPORT PROGRAM

Price-support operations carried on by the United States Department of Agriculture through the Commodity Credit Corporation seek to establish price minimums or "floors" for a number of agricultural commodities. Levels of support are established in accordance with the direction and authority contained in the Agricultural Act of 1949, as amended, particularly by the Agricultural Act of 1954 and, in the case of wool and mohair, by the National Wool Act of 1954.

Support for corn, cotton, wheat, rice, tobacco, and peanuts—the **basic commodities**—is mandatory.

Support also is mandatory for certain designated nonbasic commodities—wool, mohair, tung nuts, honey, milk, and butterfat.

Support for other commodities is permissive; that is, discretionary with the Secretary of Agriculture.

QUESTIONS AND ANSWERS

Q. How are prices supported?

A. For all commodities except wool and mohair, by loans, purchase agreements, and purchases. Prices of wool and mohair are supported by incentive payments.

Q. Which of these methods is used most?

A. Loans. For example, of the $4,306,000,000 in total support extended on 1953 crops, $3,320,000,000 or 77 percent was composed of loans made; $629,000,000 or 15 percent represented purchases; and $357,000,000, or 8 percent, consisted of purchase agreements.

The first incentive payments on wool and mohair will not be made until 1956.

LOANS

Q. How do loans support prices?

A. In two major ways: (1) Providing farmers a cash return for the commodity at the support level during the period loans are available; and (2) strengthening market prices of the commodity through the withdrawal of supplies from the market.

(Price-support loans to producers are "nonrecourse"; that is, producers are not obligated to make good any decline in the market price of the commodity put up as collateral. For example, the producer who obtained a loan on his 1954 wheat at the support price of $2.24 per bushel is not obligated to pay off his loan with dollars-and-cents even though the market price of wheat at the time the loan matures is only $2. He is permitted to deliver to CCC the wheat put up as collateral and thereby to discharge his obligation in full. Thus, through the loan, the producer receives the support price just as though CCC had originally purchased his wheat at $2.24 per bushel.)

Q. Who makes price-support loans?

A. Most price-support loans are made through private lending agencies, usually local banks approved by CCC, the latter agreeing to take over the loans from lending agencies if requested. CCC also makes some loans. (In the fiscal year 1954, new loans totaled $3,342,000,000. Of this total, $2,873,000,000 represented loans made initially by lending agencies and $469,000,000 loans made by CCC.)

Q. What is the interest rate on price-support loans?

A. A rate of 3½ percent per year is charged on loans that are redeemed. No interest is charged when a loan is not repaid and the commodity is delivered to satisfy a loan. In such cases, CCC pays any interest charges that might be due a lending agency.

Q. On what general type of commodities are price-support loans made?

A. Storable commodities, such as grain, cotton, and tobacco. Being storable, they are satisfactory collateral for price-support loans.

Q. How may producers treat CCC loans for income-tax purposes?

A. Under section 123 of the Internal Revenue Code, a producer may elect to treat a CCC loan as income for the year in which the loan is received; but, if he exercises this election in any year, he must continue on the same basis in subsequent years unless the Commissioner of Internal Revenue approves a change in treatment. If the producer treats the loan as income for the year received and later redeems and sells the collateral, the sale return—less the amount of the loan—is income for the year in which he sells the collateral.

If the producer elects not to treat the loan as income and redeems and sells the collateral or delivers the collateral to CCC, the amount of the sales return or the amount of the loan is income for the year in which the sale or delivery of collateral takes place.

Q. How do producers obtain price-support loans on commodities other than cotton, tobacco, peanuts, and naval stores?

On farm-stored commodities.—After application by the producer for a loan, the County Agricultural Stabilization and Conservation (ASC) Committee sends a field inspector to the producer's farm-storage facilities to inspect those facilities in the light of CCC's storage requirements, to measure the quantity stored, take a sample of the commodity to be tested for grade or eligibility, and affix a seal to the bin or crop. On the assumption that the producer can meet all requirements, the committee makes out a note and a chattel mortgage. The producer, after signing these documents, may obtain his loan from a lending agency approved by CCC, usually a local bank. If he wishes, however, he may obtain a loan direct from CCC. In both cases the producer is required to pay a service charge, usually based on the number of units of the commodity put under loan.

On warehouse-stored commodities.—The loan procedure for commodities stored in warehouses approved by CCC is as follows: The producer presents his warehouse receipt to the county ASC committee and signs a note. The producer then obtains his loan from a lending agency or from CCC. The service charge is approximately half that charged for farm-storage loans.

The producer, in the case of both farm- and warehouse-stored commodities, may repay his loan at any time before the note matures and is charged interest at the rate of 3½ percent only for the period the loan was in effect. After payment, the note is returned to the producer. In the case of a farm-storage loan, the mortgage is released, and in the case of a warehouse loan, the warehouse receipt is returned to the producer. If the producer delivers the commodity to CCC in repayment of the loan, there is no interest charge.

Q. How do producers obtain price-support loans on cotton?

A. He delivers his ginned cotton to a warehouse approved by the CCC and obtains a warehouse receipt, or, if warehouse space is not available and arrangements can be made with railroads and others, a bill of lading in lieu of a warehouse receipt. But to obtain a loan, he must have his cotton classed by a Board of Cotton Examiners of the Department of Agriculture. Classing involves one of two procedures. In one instance, the producer authorizes the warehouseman who is storing the cotton to draw samples, which are sent to an office of the board. The board, when it finishes the classing, sends the warehouseman a form indicating the "class," that is, the grade and staple length of the cotton. The same information is furnished the producer. In the other instance, if the producer belongs to a cotton-improvement group organized under the Smith-Doxey Act, and is eligible for free classing, an individual designated by the group draws the samples and forwards them to the board. The board, after classing the samples, informs the producer of the class. After the class has been obtained, the producer completes a loan form, with which, together with the warehouse receipt or bill of lading, he obtains his loan from a lending agency (usually a local bank) or direct from CCC.

Producer members of cooperative marketing associations obtain

loans through the associations at the same rate and in much the same manner as through approved lending agencies. The associations may then tender to the CCC documents covering the cotton they acquired as collateral and receive a loan on the cotton from the CCC.

Producers also may obtain loans on farm-stored cotton, although very few loans of this type are made and then, generally, only when there happens to be a shortage of commercial warehouse space. The loan procedure for farm-stored cotton is very similar to that for grain. The county ASC committee arranges for inspecting storage facilities and aiding the producer in completing loan documents. The loans are evidenced by notes, which are secured by chattel mortgages covering the cotton. With the note and chattel mortgage, the producer obtains his loan from a lending agency or CCC.

In disposing of loan cotton, the producer has three courses open to him (provided he has not obtained his loan as a member of a cooperative cotton marketing association):

1. He may sell his "equity" in the cotton under loan, the equity representing the difference between the amount due on the loan and the amount the producer can receive in the local market. The selling of the equity is a simple transaction, involving only the signing of the equity transfer on the Producers' Loan Statement in the presence of a witness who is authorized by the county ASC committee to witness such transactions. The buyer of the equity must present the equity transfer within 15 days and must repay the loan against the cotton within 15 days after the warehouse receipts are received by the bank designated by the equity purchaser to receive repayment of the CCC's loan, otherwise title to the cotton reverts to the producer. Practically all producers who redeem cotton under loan do so by means of the equity transfer.
2. He may repay his loan and sell the cotton in the open market.
3. He may choose not to repay the loan and not to redeem the cotton, inasmuch as his loan from the CCC is a nonrecourse loan.

Q. How do producers obtain price-support loans on tobacco?

A. Procedures vary somewhat among producing areas, but the following is a generalized description of the manner in which the producer obtains price support on tobacco:

Producers who belong to or become members of 1 of the 17 producer cooperative associations of the continental United States and Puerto Rico may obtain advances on tobacco at the price-support level. The associations, under their contract with CCC, handle all operations connected with making advances to producers on tobacco. These operations of the associations are financed by loans to the associations by CCC through banks acting as servicing agents for the CCC. The funds thus made available are used to make advances to producers (generally through auction warehouses) and to reimburse carriers, redrying plants, and storage warehouses for services performed on behalf of the associations. Administrative expenses of the associations, financed by CCC to the extent that the service charges collected from producers (generally a minimum of 12 cents per 100 pounds) fail to cover all expenses, are subject to budget approval by CCC.

In areas where tobacco is sold at auction, the producer trucks his cured tobacco to an auction warehouse where it is weighed, identified by a warehouse sales ticket, and segregated in "baskets"—lots or piles—and displayed on the auction floor. A Government tobacco

inspector grades the tobacco in each basket and marks the grade on the warehouse sales ticket. At the time of sale the tobacco is auctioned to the highest bidder. If the high bid for any particular basket does not exceed the loan rate—the published rate for that grade—that basket is consigned to "loan," provided the producer is a cooperator under the marketing quota program. The producer's eligibility is established by his county ASC committee which issues to the farm operator a "within quota" card. After the sale is completed the producer is paid for his tobacco, including payment for all tobacco that went under loan. In addition to the check issued the farmer is also given a participation record covering the quantity of the tobacco that went under loan. A copy of the participation record goes to the association, together with the auction warehouseman's billing for the day's operations.

The loan tobacco accumulated by the association during the day is trucked to the plant of a redrier or a packer under contract with the association. The tobacco, segregated by grade, is run through a redrying machine and packed in hogsheads—although some tobacco is merely "stiffened" through a natural drying process and some is not processed at all prior to packing. The redrier or the packer sends a report to the association showing the quantity of loan tobacco received from each auction warehouse. The association matches the redrier's or the packer's report with the warehouseman's billing and draws a check to the warehouseman for the total day's business. The packer transports the packed hogsheads to a storage warehouse where warehouse receipts are issued in favor of the association.

Over a period of time the tobacco placed under loan by the association is marketed by the association on the basis of prices established established jointly by CCC and the association. When all the tobacco is sold, net gains, if any, are distributed by the association to producers. The distribution of net proceeds is determined by the participation record prepared at the warehouse at the time the producer's tobacco was consigned to loan.

The procedure for obtaining advances on cigar leaf tobacco is essentially the same as for other types with the exception that cigar leaf tobacco is not sold at auction. The producer delivers his tobacco to a warehouse or assembly point maintained by the association and receives his advance on the basis of a U. S. grade certification.

Q. How does a producer obtain price support on peanuts?

A. In two ways.

1. The producer desiring a price-support loan delivers his peanuts to a warehouse under contract with a cooperative which, in turn, has entered into a loan agreement with the Commodity Credit Corporation. In delivering his peanuts, the producer makes the cooperative his agent to handle and market the peanuts on his behalf or to pledge the peanuts to CCC as security for a loan to the cooperative, with the understanding that his right to redeem or obtain possession of the peanuts ceases at the time they are loaded into the warehouse. The cooperative draws a draft in favor of the producer for the full price-support value of the peanuts—less a flat deduction, per ton, to cover the cost of inspection, warehousing, and other handling charges to the loan maturity date. The draft, drawn on a lending agency approved by CCC, may be cashed or credited to the producer's account at any commercial bank.

A cooperative which enters into a loan agreement with CCC must

provide facilities acceptable to CCC for storing and handling peanuts. The cooperative agrees to arrange for storage, and to handle eligible farmers' stock peanuts for and on behalf of eligible producers in the area approved by CCC, and to use such peanuts as collateral for CCC loans to the cooperative. Loans to the cooperative are evidenced by blanket notes executed in favor of CCC as the lending agency making the loan.

The type and grade of peanuts delivered by a producer to a cooperative for price-support loan purposes is determined by inspectors who are authorized or licensed by the Secretary of Agriculture. Qualitatively, the peanuts must not contain more than 10 percent foreign material, nor more than 7 percent damaged kernels. Furthermore, the peanuts must have been delivered to the cooperative by an eligible producer who produced them on a farm which complied with peanut acreage allotment regulations.

2. Loans also are available to eligible producers on eligible peanuts in approved farm storage. Producers who want to obtain such loans apply at the county office, which arranges for inspection of the storage facilities and for inspection, sampling, and grading of the peanuts. After it is determined that the producer, the peanuts, and the storage facilities meet CCC's requirements, the county office determines the amount of the loan and prepares and approves the loan documents. After the loan documents are approved, the producer obtains the loan from any approved lending agency or from CCC. The producer may deliver the peanuts to CCC upon maturity of the loan, or may redeem the peanuts at any time prior to such delivery by repaying the amount of the loan plus interest and charges.

Q. How do producers obtain price-support loans on naval stores?

A. The producer desiring a loan on turpentine and rosin obtained from his crude pine gum executes a Producer's Marketing Agreement with the American Turpentine Farmers Association Cooperative (ATFA) of which he is a member. ATFA conducts the field administration of the loan programs as agent of CCC under an overall loan agreement. To be eligible for price support, producers must follow approved conservation practices and must have paid or arranged to pay any indebtedness to the Department.

Usually the producer delivers his crude pine gum to an approved processing plant-warehouse location, fills out a form called a Producer's Offer, and pays charges, such as processing fees (including cost of rosin drums), initial storage, and the Federal inspection fee. Loans are made on the processed turpentine or rosin, or, under specified conditions, on unprocessed turpentine or rosin content of the crude pine gum. The loan papers, including Certifications of Quantities in Storage, are transmitted by the warehousemen to ATFA pursuant to a Warehouse Agreement with ATFA. (Warehouse agreements are assigned to CCC.) After checking producer and collateral eligibility, ATFA sends the loan papers to the CSS Commodity Office at New Orleans for audit, custody, and payment to the producer or his designated payee.

The time within which loans are available expires December 31. However, producer redemption rights extend to the following July 1, at which time the loan matures, if payment is not demanded earlier by CCC; thereafter, CCC may sell the collateral. Any sum remaining after application of the sales proceeds to the satisfaction of total loan

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indebtedness under current and prior programs is returned to ATFA for disposition to its producer-member program participants, or for and in behalf of its members, on an equitable basis, as determined by ATFA with the approval of CCC.

PURCHASE AGREEMENTS

Q. What is a purchase agreement?

A. A purchase agreement is, as the expression indicates, an agreement on the part of CCC to purchase from a producer at the producer's option not more than a stipulated quantity of a commodity at the support price.

A producer obtains a purchase agreement through his ASC county committee. This entails paying a small service charge and signing a document that specifies the maximum amount of the commodity he may elect to sell to CCC. CCC agrees to purchase at the applicable rate—which is equal to the loan rate—any quantity the producer elects to sell, up to and including the maximum quantity covered by the agreement. For example, a producer may sign a purchase agreement covering 5,000 bushels of corn. He may, if he so elects, sell no corn to CCC or he may sell any quantity up to and including 5,000 bushels. But after specifying that 5,000 bushels is the maximum quantity he might sell to CCC, he may not sell more than that quantity to CCC.

The producer must, within a 30-day period specified by CCC, declare his intention to sell under the purchase agreement. If loans as well as purchase agreements are available to producers of a commodity, as is frequently the case, the "declaration" period is generally the 30 days prior to the maturity of the loan. In any case, CCC will not purchase commodities covered by agreements prior to the end of the 30-day declaration period. If the commodity is stored in an approved warehouse, the producer turns over to the county ASC committee warehouse receipts representing the quantity of the commodity he elects to sell. In the case of a commodity stored in other than approved warehouse storage the producer notifies the county ASC committee of his intention to sell and, after the issuance of delivery instructions, makes delivery to the place designated by CCC within 15 days unless more time is granted him by the county committee.

Q. What are the respective advantages of loans and purchase agreements?

A. Both provide support at exactly the same level. A loan suits the needs of the producer who requires money immediately and who can meet loan storage requirements. A purchase agreement, on the other hand, provides a means of price support for the producer who does not have an immediate need for money or who is not able to meet loan storage requirements or who is not willing to encumber his commodity as is required under a loan operation but who wants an inexpensive form of "price insurance."

Q. Why can producers obtain loans and purchase agreements on most commodities during only part of the marketing season? (In the case of wheat, for example, loans and purchase agreements are available from harvest only through January 31 of the year following that in which the wheat was harvested.)

A. Making loans and purchase agreements available for only part of the marketing season enables the Department of Agriculture to complete all operations with respect to "old" crops before starting on the "new." Such a policy imposes no hardship on producers.

Availability of price support extends well beyond the harvesting season and gives each farmer ample opportunity to decide whether or not he wants to receive price protection on his commodity.

PURCHASES

Q. When are prices supported through purchases?

A. Purchases are made, generally speaking, when it is not feasible to support prices through loans or purchase agreements. Butter, cheese, and nonfat dry milk solids were the only products supported wholly by purchases in 1954. Cottonseed and flaxseed may be supported by purchases when necessary.

Q. From whom are the purchases made?

A. There is considerable variation among commodities. Dairy products are purchased from manufacturers and handlers. Cottonseed products are purchased from oil mills. Purchases of flaxseed are limited to purchases from producers in certain Texas counties.

Q. Are processors required to pass on to producers the benefits of price support programs?

A. Section 401 of the Agricultural Act of 1949 has been amended to provide that "Whenever any price support or surplus removal operation for any agricultural commodity is carried out through purchases from or loans or payments to processors, the Secretary shall, to the extent practicable, obtain from the processors such assurances as he deems adequate that the producers of the agricultural commodity involved have received or will receive maximum benefits from the price support or surplus removal operation."

INCENTIVE PAYMENTS

Q. On what commodities are payments authorized?

A. Wool and mohair.

Q. How does the incentive payment program operate for shorn wool?

A. The National Wool Act of 1954, which became law August 28, 1954, calls for support for shorn wool at the incentive level the Secretary of Agriculture determines is necessary to encourage an annual production of 300 million pounds. The incentive price is announced far enough in advance of the marketing year for growers to have the price in mind when planning their operations.

Under the program, a grower sells his shorn wool through normal marketing channels, obtaining, at the time he sells, an "account of sale" which describes the sales transaction. This account of sale is used in support of the grower's request for payment filed with his local Agricultural Stabilization and Conservation Committee.

One copy of the request for payment is forwarded to the Agricultural Marketing Service, which uses the information contained therein to compute and publish the average price received by farmers for wool during the marketing year.

The rate of payment, announced by the Department after the close of the marketing year, will be based on the difference between the previously announced incentive price and the average price received by producers for wool sold during the marketing year. For example, the announced incentive price for the 1955 marketing year is 62 cents. Should the average price received by all producers for the wool marketed during the year turn out to be 53 cents, the average

price would need to be raised by 17 percent to bring all growers' returns up to the 62-cent level. In that case the payment to each grower would be 17 percent of the amount he received for wool sold during the year.

Obviously, the higher the price obtained in the open market, the higher the payment. For example, with a payment of 17 percent, the producer who sells high-quality wool at 70 cents would get an additional payment of 11.9 cents, whereas the producer who sells "tags" at 20 cents would get an incentive payment of only 3.4 cents.

Q. When will incentive payments be made?

A. Incentive payments for shorn wool will become effective with the marketing year beginning April 1, 1955. Wool produced prior to January 1, 1955, is not eligible for payments. Because the actual rate of payment will be determined at the end of the marketing year—and the marketing year will end March 31, 1956—the first payments under the program are expected to be made in 1956.

Payments for pulled wool and mohair will begin at the same time as those for shorn wool.

Q. Why was an "incentive" program provided for shorn wool?

A. In the words of the National Wool Act, "wool is an essential and strategic commodity which is not produced in quantities and grades in the United States to meet the domestic needs and that the desired domestic production of wool is impaired by the depressing effects of wide fluctuation in the price of wool in world markets. It is hereby declared to be the policy of Congress, as a measure of national security and in promotion of the general economic welfare, to encourage the annual domestic production of approximately 300 million pounds of shorn wool, grease basis, at prices fair to both producers and consumers in a manner which will have the least adverse effects upon foreign trade."

Q. How does the program operate for pulled wool and mohair?

A. Under the 1955 pulled wool support program, payments will be made on the marketing of live lambs and sheep. Rate of payment will be on a live weight basis. Details of program operations had not been worked out as this bulletin went to press.

Operations under the mohair price-support program will be, essentially, the same as those authorized for shorn wool.

Q. May prices of wool and mohair be supported by methods other than payments?

A. Yes. The National Wool Act authorizes support by loans, purchases, and other means, although these methods cannot be used to support at levels above 90 percent of parity.

Q. How will support for wool and mohair be financed?

A. CCC will finance operations. CCC, in turn, will be reimbursed through appropriations made under the National Wool Act of 1954. These appropriations, however, cannot exceed 70 percent of the gross receipts from duties collected during the preceding calendar year on items subject to duty under Schedule 11 of the Tariff Act of 1930, as amended. Schedule 11 items consist of wool and products manufactured from wool.

Q. What are the "self-help" provisions of the National Wool Act?

A. The Secretary of Agriculture is authorized to enter into agreements with, or to approve agreements entered into between, marketing

cooperatives, trade associations, and others engaged in the handling of wool, mohair, sheep, or goats, or their products for the purpose of developing and conducting advertising and sales promotion programs. The agreement must be approved by two-thirds of the number of producers or the producers of two-thirds of the volume of production before it can become effective. Funds for financing such programs may be obtained by deductions from the payments to growers.

Q. Is support for wool and mohair a "permanent" program?

A. The National Wool Act provides that "price support shall be limited to wool and mohair marketed during the period beginning April 1, 1955, and ending March 31, 1959." But the House Committee on Agriculture, when approving a payment program for 2 years, stated that this was not to be interpreted as a determination that the wool program should be of a temporary character. On the contrary, the Committee said that it believed that the program would provide a relatively permanent solution to domestic wool problems. The Committee wanted an opportunity at the end of the 2-year period to review the operation and effects of the program.

SUPPORT LEVELS

Q. At what levels must prices be supported?

A. See below.

Basic Commodities

(Support Is Mandatory)

(a) Corn, wheat, rice, peanuts, American upland cotton, and extra long staple cotton:

1954 crops.—Support to cooperators is required at 90 percent of parity, unless producers have disapproved marketing quotas. If producers have disapproved marketing quotas, cooperators are entitled to receive support at 50 percent of parity. Support to noncooperators may be made available at such levels—not in excess of the level of price support to cooperators—as the Secretary determines will facilitate the effective operation of the program.

Note: (When acreage allotments are in effect for *corn* in the commercial corn-producing area, the level of price support for corn to cooperators outside the commercial corn-producing area is 75 percent of the level of price support to cooperators within the commercial area.)

1955 crops.—Support to cooperators is required at not more than 90 percent of parity nor less than the levels called for by "minimum support schedules" (*see* p. 13) ranging from 82½ to 90 percent of the parity price, according to the relationship of total supply to normal supply, if producers have not disapproved marketing quotas. If producers have disapproved marketing quotas, cooperators are entitled to receive support at 50 percent of parity. Support to noncooperators may be made available at such levels—not in excess of the level of price support to cooperators—as the Secretary determines will facilitate the effective operation of the program.

Note: (When acreage allotments are in effect for *corn* in the commercial corn-producing area, the level of price support for corn to cooperators outside the commercial corn-producing area is 75 percent

of the level of price support to cooperators within the commercial area.)

(Where a State is designated as outside the commercial wheat-producing area for any crop of *wheat,* the level of price support for wheat to cooperators in that State shall be 75 percent of the level of price support to cooperators in the commercial wheat-producing area.)

(Support for cooperating producers of extra long staple cotton is at the minimum level specified in the minimum support schedule for the supply percentage for such cotton as of the beginning of the marketing year for the crop if producers have not disapproved marketing quotas for the crop.)

1956 and subsequent crops.—Provisions are the same as for 1955, except that support to cooperators is required at not more than 90 percent of parity nor less than the levels called for by the minimum support schedules ranging from 75 to 90 percent of the parity price. (*See* p. 13.)

(b) **Tobacco:** Support is required at 90 percent of parity if marketing quotas are in effect. No support will be available for any crop of tobacco for which marketing quotas have been disapproved by producers.

The level of support for fire-cured tobacco is 75 percent of the loan rate for burley; and for dark air-cured and Virginia sun-cured, 66⅔ percent of the burley rate, when producers have not disapproved marketing quotas for such tobacco.

When marketing quotas are not in effect and have not been disapproved, the level of support to cooperators is not more than 90 percent of parity nor less than the level required by the minimum support schedules, which range from 82½ to 90 percent of parity in 1955 and from 75 to 90 percent of parity in subsequent years. (*See* p. 13.)

Mandatory Nonbasic Commodities

(Support Is Mandatory)

(a) **Milk and butterfat:** Support is required at such level, not more than 90 percent nor less than 75 percent of parity, as the Secretary determines necessary to assure an adequate supply.

(b) **Honey and tung nuts:** Support is required at not less than 60 percent nor more than 90 percent of parity.

(c) **Shorn wool:** The support price for shorn wool is required to be at such incentive level, not exceeding 110 percent of parity, as the Secretary determines necessary to encourage an annual domestic production of approximately 300 million pounds of shorn wool. When a production of 300 million pounds has been reached, the support price is to be at such an incentive level—between 60 and 90 percent of parity—as the Secretary determines is necessary to encourage an annual domestic production of approximately 360 million pounds of wool.

(d) **Pulled wool:** Prices of pulled wool are to be supported at such level in relationship to the level for shorn wool as will maintain normal marketing practices.

(e) **Mohair:** Support prices for mohair may deviate from the support price for shorn wool by as much as 15 percent above or below the comparable percentage of parity at which shorn wool is supported.

Other Commodities

(Support is Permissive)

Other commodities may be supported at any level not in excess of 90 percent of parity after consideration by the Secretary of factors laid down in section 401 (b) of the Agricultural Act of 1949. These factors are: (1) The supply of the commodity in relation to the demand therefor; (2) the price levels at which other commodities are being supported and, in the case of feed grains, the feed values of such grains in relation to corn; (3) the availability of funds; (4) the perishability of the commodity; (5) the importance of the commodity to agriculture and the national economy; (6) the ability to dispose of stocks acquired through a price-support operation; (7) the need for offsetting temporary losses of export markets; and (8) the ability and willingness of producers to keep supplies in line with demand.

In the case of commodities for which support is mandatory, other than wool and mohair, these eight factors also must be considered in determining the level of support in excess of the minimum level prescribed for the commodity, except that in the case of milk and butterfat the levels of support above 75 percent of parity are determined solely on the basis of what level will assure an adequate supply.

Q. What are the "minimum support schedules" for the basic commodities?

A. See tabulation below. However, the Agricultural Act of 1954 provides that the level of support to cooperators shall be not more than 90 percent and not less than 82½ percent of the parity price for the 1955 crop of any basic agricultural commodity for which producers

The level of support shall be not less than the following percentage of the parity price:	*If the supply percentage[1] as of the beginning of the marketing year is—*			
	For tobacco, corn, wheat, and rice—		*For cotton and peanuts—*	
	Over	*Not over*	*Over*	*Not over*
90	------	102	------	108
89	102	104	108	110
88	104	106	110	112
87	106	108	112	114
86	108	110	114	116
85	110	112	116	118
84	112	114	118	120
83	114	116	120	122
82	116	118	122	124
81	118	120	124	125
80	120	122	125	126
79	122	124	126	127
78	124	126	127	128
77	126	128	128	129
76	128	130	129	130
75	130	------	130	-------

[1] The "supply percentage" for any commodity is the percentage which the estimated total supply is of the normal supply as of the beginning of the marketing year. The "total supply" is, generally speaking, the carryover at the beginning of the marketing year, plus the estimated production of the commodity in the United States during the calendar year in which the marketing year begins, and the estimated imports into the United States during the marketing year. The "normal supply" in the case of basic commodities is, generally speaking, the estimated domestic consumption, plus estimated exports, plus an allowance for carryover.

have not disapproved marketing quotas. Also, in the case of tobacco, the minimum support schedules come into use only when marketing quotas are not in effect and have not been disapproved.

Q. What are "set-asides?"

A. On January 11, 1954, President Eisenhower made certain recommendations affecting the Nation's agriculture and transmitted them to Congress. Among these recommendations was the following:

> Removal of the threat of huge surpluses of farm commodities from current markets is an essential part of the program here presented. Destruction of surplus commodities cannot be countenanced under any circumstances. They can be insulated from the commercial markets and used in constructive ways. Such uses will include school lunch programs, disaster relief aid to the people of other countries, and stockpiled reserves at home for use in war or national emergency.
>
> I recommend that authority be provided to set aside reserves up to the value of $2,500,000,000 from the stocks presently held by the Commodity Credit Corporation. Broad discretionary authority should be provided to manage these "frozen" reserves. This authority should be coupled with legislative safeguards to prevent the return of these stocks to domestic or foreign markets so as to cause disturbance in normal trade. Perishable stocks should, of course, be rotated. Stocks of wheat, cotton, vegetable oils, and possibly some dairy products should be set aside after this program takes effect.

Section 101 of the Agricultural Act of 1954, which provided for the set-asides requested by the President, stipulates that "The Commodity Credit Corporation shall, as rapidly as the Secretary of Agriculture shall determine to be practicable, set aside within its inventories not more than the following maximum quantities and not less than the following minimum quantities of agricultural commodities or products thereof heretofore or hereafter acquired by it from 1954 and prior years' crops and production in connection with its price-support operations:"

Commodity	*Maximum quantity*	*Minimum quantity*
Wheat (bushels)	500, 000, 000	400, 000, 000
Upland cotton (bales)	4, 000, 000	3, 000, 000
Cottonseed oil (pounds)	500, 000, 000	0
Butter (pounds)	200, 000, 000	0
Nonfat dry milk solids (pounds)	300, 000, 000	0
Cheese (pounds)	150, 000, 000	0

Initial set-asides announced by the Department in September 1954 included 400 million bushels of wheat and 1 million bales of upland cotton.

The quantities included by the Department in the set-asides, or transferred from the set-asides to the national stockpile, are excluded from the computation of "carryover" (and "total supply") in the computation of price-support levels but are included in the computation of "total supply" for purposes of acreage allotments and marketing quotas.

The Agricultural Act of 1954 also provides that, until the commodity set-aside has been completed, "such quantity . . . as the Secretary shall determine between the maximum and minimum quantities specified . . . shall be excluded from the computations of carryover for the purpose of determining the price-support level, but shall be included in the computation of total supplies for purposes of acreage allotments and marketing quotas, for the 1955 crop of the commodity, notwithstanding that the quantity so excluded may not have been acquired by the Corporation and included in the commodity set-aside."

(Other provisions affecting set-asides are discussed in the section relating to disposals, which begins on p. 21.)

Q. Can prices be supported at levels above 90 percent of parity?

A. Yes.

Section 402 of the Agricultural Act of 1949 authorizes price support at levels in excess of 90 percent of parity for any agricultural commodity if the Secretary determines after a public hearing that increased price support is necessary to prevent or alleviate a shortage of a commodity essential to the national welfare or to increase or maintain the production of a commodity in the interest of national security.

The National Wool Act authorizes incentive prices for shorn wool up to and including 110 percent of the parity price; and prices of mohair, which may vary as much as 15 percent above or below the comparable percent-of-parity wool incentive level, may be set higher than 90 percent.

Q. At what time of the crop year are dollars-and-cents support levels first announced?

A. Section 406 of the Agricultural Act of 1949 provides that "the Secretary shall, insofar as practicable, announce the level of price support for field crops in advance of the planting season and for other agricultural commodities in advance of the beginning of the marketing year or season (January 1 in the case of commodities not marketed on a marketing year or season basis), but the level of price support so announced shall not exceed the estimated maximum level of price support specified in this act, based upon the latest information and statistics available to the Secretary when such level of price support is announced; and the level of price support so announced shall not be reduced if the maximum level of price support, when determined, is less than the level so announced."

The National Wool Act provides that "the Secretary shall, to the extent practicable, announce the support price levels for wool and mohair sufficiently in advance of each marketing year as will permit producers to plan their production for such marketing year."

Q. Does the support level for the crop year change every time the parity price changes?

A. No. As provided by section 406 of the Agricultural Act of 1949 (see above), support prices as originally announced are effective over the entire period of availability, regardless of changes in the parity price, unless the "forward" support price turns out to be below the legal minimum limit of support.

For example, it was announced on September 9, 1952, that the price of 1953-crop wheat would be supported at a national average price of $2.21 per bushel, or at 90 percent of the July 1, 1953, parity price (the legal minimum), whichever should be higher. It so happened that $2.21 per bushel was the higher price when the July 1, 1953, parity price was calculated, so 1953-crop wheat was supported at $2.21 per bushel through January 31, 1954, regardless of variations in the parity price after July 1.

On October 8, 1953, it was announced that the price of 1954-crop wheat would be supported at the higher of $2.20 a bushel, or 90 percent of the July 1, 1954, parity price. It turned out that 90

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percent of the July 1, 1954, parity price was $2.24 a bushel, therefore that became the support price for 1954-crop wheat.

Q. Why is it that market prices of some supported commodities sometimes drop below the support level?

A. Major factors why market prices sometimes fall below support levels are as follows:

Participation in the price support program.—If all producers of a supported commodity participated in the support program, prices of that commodity obviously would tend to be equal to or higher than the support level. Failure to participate in the program, then, is the major reason that market prices of some supported commodities sometimes drop below the support level.

Some of the reasons why producers are unable to participate, or elect not to participate, in the price-support program are as follows:

(*a*) *Lack of adequate storage*—both farm and warehouse—is an important factor in the ability of producers to participate in price support.

Prices of most crops, such as grains, are supported by loans or purchase agreements. To obtain a loan, a producer must store in farm storage facilities approved by CCC or in a warehouse approved by CCC. Producers participating through purchase agreements need not store in facilities approved by the Government; but they still need good storage so that their commodities do not deteriorate in the period they must be held prior to sale to the Government.

Many producers, including share tenants, do not have adequate farm storage. To obtain support, these producers must store their commodities in commercial warehouses. During periods of peak marketings, such a producer may not be able to obtain suitable warehouse storage. This problem is aggravated when there is an overall storage shortage. Under these circumstances the producer sells his commodity at the best price obtainable, and if such marketings reach sizable volume they tend to depress prices further.

Other producers who have adequate farm storage for a normal crop find it necessary to use off-farm storage when they have a larger-than-usual crop. When other producers in the area and country in general also have big crops, it is difficult to rent commercial storage space. Many of them must sell at market prices, such marketings adding to downward price pressures.

Still other producers who lack adequate farm storage for their commodities may sell at the market price, even though the market price is below the support level, because they are reluctant to obtain a warehouse storage loan that requires assumption of storage costs during the loan period. Producers who take out farm storage loans always receive the full support price, although they "assume" costs of storage on the farm. On a warehouse storage loan, however, producers either must prepay storage for the season or else a storage deduction is made in disbursing the loan.

(A discussion of what the U. S. Department of Agriculture has done to provide storage for farmers is contained in the section, headed "Storage," which begins on p. 17).

(*b*) *Quality.*—The crop may not be of good storing quality, and commercial warehousemen may refuse to accept it for storage. Thus, a producer must elect either to run the risk of both quality deterioration and shrinkage by storing the commodity on his farm, or selling

at the market price. When storage space is scarce, warehousemen may be even more discriminating about handling grain of questionable storability, which further aggravates the problem.

(*c*) *Potential gain.*—The quantity of a commodity owned by a particular producer may not be large enough to encourage his participation in the program. Taken collectively, the open market sales of this group may tend to weaken prices in periods of large supplies and heavy marketings.

(*d*) *Inconvenience.*—If supplies are considered ample and there is little prospect of a price increase during the loan period, producers may be reluctant to undertake the limited "paper work" involved in completing a storage loan, or run the risks of loss of quality. In such circumstances, they are willing to sell in the open market at prices slightly below the loan level.

(*e*) *Disagreement with price support.*—Not all producers agree with the concept of price support. To the extent that this group may be significant in any marketing area, prices in that area thus may be driven down.

Sales by nonfarmers.—Only an "eligible producer"—that is, any legal entity producing the commodity of the crop being supported, as landowner, landlord, tenant, or sharecropper—can obtain price support. From time to time at the end of the marketing season or over the course of a full marketing season, considerable quantities of a commodity may be owned by the nonproducer group. Such "noneligible interests" may sell stocks in a weak or falling market in order to minimize or stop their losses. Such operations depress prices even more.

STORAGE

Q. What kind of farm storage must a producer have to be eligible for CCC loans on farm-stored grain?

A. The cribs or bins used must meet the approval of the county ASC committee. In general, farm cribs or bins that provide safe storage in the locality will meet requirements.

Q. Does CCC assist farmers in financing farm-storage facilities?

A. Yes. CCC loans are available to farmers to finance the construction or purchase of new farm-storage facilities for grains and other storable crops. The program provides for loans up to 80 percent of the cost of the structure. Loans are payable in four annual installments, at an interest rate of 4 percent a year.

The loans are made under authority of the Commodity Credit Corporation Charter Act.

The program was inaugurated in June 1949, and between that time and September 30, 1954, farm storage structures erected by farmers under the program had a total capacity of 220 million bushels.

Authority for 5-year amortization of the cost of cribs and bins for Federal income tax purposes is contained in Public Law 287, 83d Congress, first session.

Q. Has CCC assisted in expanding commercial storage?

A. The U. S. Department of Agriculture announced in August 1953 that it would make payments to warehousemen—provided their applications were approved—in the event occupancy of newly constructed commercial-type storage facilities fell below specified levels. Object of the program was to encourage construction of storage space in areas where it was needed. Acceptance of applications was discon-

tinued in August 1954. It appeared in November 1954 that construction under the program would approximate 150 million bushels of storage capacity.

Q. Has CCC expanded its own facilities for storing CCC-owned commodities?

A. Yes. In June 1949, CCC owned only 45 million bushels of bin-type storage capacity. By September 1954 this capacity had been increased to 844 million bushels, over 200 million of which was purchased in 1954.

CCC has bought bins for storing CCC-owned commodities only in areas where commercial storage facilities are inadequate. This policy stems from a provision in the Commodity Credit Corporation Charter Act to the effect that CCC's authority to acquire real property for the purpose of providing storage shall not be utilized by CCC unless CCC "determines that existing privately owned storage facilities for such commodity in the area concerned are not adequate."

Q. What other steps has CCC taken to expand its ability to store CCC-owned commodities?

A. Arrangements have been made with the Maritime Administration for the use of 75 ships anchored in the Hudson River at Jones Point, N. Y.; 112 ships in the James River at Fort Eustis, Va.; 43 ships in Puget Sound at Olympia, Wash.; and 87 ships in the Columbia River at Astoria, Oreg. When these 317 ships were loaded in September 1954, the total storage provided for wheat approximated 72,500,000 bushels.

Q. What is a "reseal" program?

A. Under a "reseal" program, farmers may continue their CCC loans an extra year (on farm-stored commodities only)—and they also may be permitted to convert their purchase agreements into loans on farm-stored commodities. Those who reseal; that is, obtain extension of loans or convert purchase agreements to loans, receive storage payments in the "reseal year." Under the 1954–55 reseal program, storage payments range from 11 cents per bushel on oats to 16 cents per bushel on flaxseed.

The net effect of a reseal program is to make expanded use of farm-storage facilities. In the case of grain, resealing helps to reduce the cost of handling, eases pressure on overburdened transportation and terminal storage facilities, and assures that larger-than-usual quantities are retained in rural areas where grain ultimately is used.

ADJUSTMENT OPERATIONS

Q. What are acreage allotments?

A. Acreage allotments, a method of apportioning among individual farms the national acreage considered to be desirable for planting to a field crop, provide a means of "adjusting" supplies—that is, bringing supplies of the crop more nearly into line with national needs. Although acreage allotments conceivably could be used for increasing production of a crop, they have been employed primarily for the purpose of decreasing production.

Acreage allotments are used in conjunction with marketing quotas for a basic commodity, in which case the marketing quota for the individual farm is generally the production on the acreage allotment. Acreage allotments may also be in effect for some of the basic com-

modities even though marketing quotas have not been proclaimed—and for nonbasic commodities as well.

Allotments in conjunction with quotas may be considered a "strong" type of regulation. Allotments without quotas may be looked upon as a "mild" way of adjusting production.

If acreage allotments are in effect in conjunction with marketing quotas for a basic commodity, farmers who produce the commodity on acreage in excess of their acreage allotments are subject to the payment of penalties on the excess production. If acreage allotments are in effect, but not in conjunction with marketing quotas, farmers who produce the commodity on acreage in excess of their acreage allotments are not subject to penalties on the "excess" production of the commodity—although they are not eligible for price support.

Section 401 (c) of the Agricultural Act of 1949 provides that "compliance by the producer with acreage allotments, production goals, and marketing practices (including marketing quotas when authorized by law), prescribed by the Secretary, may be required as a condition of eligibility for price support."

Q. Who is a "cooperator?"

A. Section 408 (b) of the Agricultural Act of 1949 defines a cooperator as follows:

> A "cooperator" with respect to any basic agricultural commodity shall be a producer on whose farm the acreage planted to the commodity does not exceed the farm acreage allotment for the commodity under title III of the Agricultural Adjustment Act of 1938, as amended, or in the case of price support for corn or wheat to a producer outside the commercial corn-producing or wheat-producing area, a producer who complies with conditions of eligibility prescribed by the Secretary. For the purpose of this subsection, a producer shall not be deemed to have exceeded his farm acreage allotment unless such producer knowingly exceeded such allotment.

(However, with respect to planted acreage, section 311 of the Agricultural Act of 1954 provides that "if the acreage determined to be planted to any basic agricultural commodity on the farm is in excess of the farm acreage allotment, the Secretary shall, by appropriate regulations, provide for a reasonable time prior to harvest within which such planted acreage may be adjusted to the farm acreage allotment.")

Q. What are marketing quotas?

A. Marketing quotas are a means of regulating the production and marketing of commodities when supplies become excessive. Under existing legislation, the only commodities for which marketing quotas can be proclaimed are upland cotton, extra long staple cotton, wheat, rice, peanuts, and tobacco.

This regulation is effected as follows: The quantity of a given commodity that will provide adequate supplies—the national marketing quota—is determined. This quantity is translated into terms of acreage. The acreage is allotted among States, counties, and, finally, among individual farms (in the case of wheat, among individual farms in the commercial wheat-producing area). The marketing quota for an individual farm is, generally speaking, the quantity produced on the acreage allotment.

Marketing quotas must be proclaimed whenever supplies of upland cotton, extra long staple cotton, wheat, and rice reach certain levels. (The Agricultural Adjustment Act of 1938, as amended by the Agricultural Acts of 1948, 1949, and 1954, specifies what those levels

are.) In the case of peanuts, marketing quotas must be proclaimed every year, regardless of the supply level. A national marketing quota must be proclaimed for each marketing year for each kind of tobacco for which a national marketing quota was proclaimed for the immediately preceding marketing year, and a quota must be proclaimed for Virginia sun-cured tobacco each year a quota is proclaimed for fire-cured tobacco.

The latest dates for proclaiming marketing quotas for the next marketing year are as follows: Upland cotton and extra long staple cotton, October 15; wheat, May 15; rice, December 31; peanuts, November 30; and tobacco, December 1.

Following the proclamation of a marketing quota, a referendum is held. If at least two-thirds of the producers voting in the referendum favor marketing quotas, the quotas become effective and apply to all producers of the commodity. If more than a third of the producers voting in the referendum do not favor quotas, no marketing quotas will be in effect.

The Secretary of Agriculture has authority to increase or terminate acreage allotments as well as marketing quotas because of a national emergency or increase in export demand or if necessary to insure production of a normal supply of the commodity.

Marketings by producers in excess of the farm-marketing quota are subject to penalties, as follows: Wheat, 45 percent of the parity price as of May 1 of the calendar year in which the crop is harvested; rice, and upland cotton, 50 percent of the parity price as of June 15 of the calendar year in which the crop is produced; extra long staple cotton, 50 percent of the parity price as of June 15 of the calendar year in which the crop is produced or 50 percent of the support price for extra long staple cotton, whichever is higher; tobacco, 50 percent of the preceding season's average price (40 percent to July 1, 1955); and peanuts, 50 percent of the basic loan rate applicable to cooperators.

A farmer pays his penalty in two ways, depending upon the commodity:

1. Payment of the entire penalty amount to the county ASC committee before any of the crop is marketed. This method generally is followed for wheat, rice, and cotton.

2. Payment of a pro rata share of the total penalty to the buyer as the crop is marketed. Under this method, followed generally for peanuts and tobacco, the buyer deducts the penalty from the sales price and remits the money to the Government.

As was pointed out in the section on support levels, failure to approve marketing quotas affects the level of price support. For example, failure to approve marketing quotas for 1955 crops of upland cotton, extra long staple cotton, wheat, rice, and peanuts would mean support at 50 percent of parity instead of from 82½ to 90 percent of parity. Failure by producers to approve marketing quotas for any crop of tobacco would mean that no price support would be available for that crop.

Compliance with individual farm acreage allotments established for a crop is a condition of eligibility for price support on that crop.

The following tabulation shows the national acreages apportioned under marketing quota and acreage allotment programs for certain 1954 crops.

Commodity	Acreage allotment for 1954
	Acres
Wheat (Marketing quotas also in effect)	[1] 62, 000, 000
Corn (No marketing quotas in effect)	46, 995, 504
Cotton (Marketing quotas also in effect)	21, 379, 358
Peanuts (Marketing quotas also in effect)	1, 610, 000
Tobacco (Marketing quotas also in effect):	
Flue-cured	1, 053, 246
Burley	399, 296
Fire-cured	55, 833
Dark air-cured	23, 279
Virginia-sun-cured	6, 115
Cigar filler and binder	47, 453

[1] Excludes increased allotments for Durum wheat under Public Law 290, 83d Cong., second session.

DISPOSAL OPERATIONS

Q. Does CCC accumulate substantial commodity holdings in carrying on the price-support program?

A. Frequently it does. On June 30, 1954, for example, the cost value of CCC inventories was a record $3,668,000,000. Included in this new high total were 775 million bushels of wheat, 365 million bushels of corn, 467 million pounds of butter, 419 million pounds of cheese, 440 million pounds of nonfat dry milk solids, and 884 million pounds of cottonseed oil.

Q. Does, CCC try to dispose of its holdings?

A. It does, except when commodities are needed for stockpile or reserve purposes. Large farm commodity holdings put a downward pressure on prices. Furthermore, providing safe storage for surpluses is expensive; in the fiscal year 1954, storage alone cost CCC a total of $238,000,000.

Q. How does CCC dispose of its holdings?

A. During the first 8 months of the calendar year 1954, CCC disposed of commodities having a value of about $846,000,000. Of these dispositions, domestic sales represented 38 percent; export sales, 37 percent; noncommercial sales to foreign governments, relief societies, and similar groups, 2 percent; transfers to other U. S. Government agencies, such as the Foreign Operations Administration and the Department of Defense, 11 percent; international barter, 3 percent; donations to school lunch programs, to needy Indians, and to private welfare organizations assisting needy persons in the United States and foreign countries, 8 percent; and losses from fire, theft, spoilage, etc., less than 1 percent.

Q. What legal authority does CCC have for disposing of its commodities?

A. The following laws have been utilized by CCC in disposing of its inventories:

1. Commodity Credit Corporation Charter Act, as amended.
2. Section 32, Public Law No. 320, 74th Congress.
3. Agricultural Act of 1949, as amended.
4. Agricultural Act of 1954.
5. Agricultural Trade Development and Assistance Act of 1954.

(A more complete discussion of the various legal authorities with respect to disposals may be found in the Appendix, pages 103 to 105.)

Q. Where may information be obtained on CCC-owned commodities available for sale?

A. About the first of each month, the Department of Agriculture issues two lists—"Export Price List," and "Domestic Price List." These lists show the CCC-owned commodities for sale, the price, the place at which the commodities are available, and other information. Copies of the lists may be obtained from the Information Division, Commodity Stabilization Service, Washington 25, D. C.

Q. Where may information be obtained on disposals of CCC-owned commodities?

A. The Department of Agriculture issues a monthly report entitled "Disposition Commitments of CCC Commodities Acquired under Price Support Programs." This report covers domestic and export commercial sales, noncommercial sales, transfers, international barter, and donations—in terms of quantities and dollars.

The Department also issues a monthly "Commodity Credit Corporation Report of Financial Condition and Operations" which contains information relative to disposals.

Both publications may be obtained from the Information Division, Commodity Stabilization Service, Washington 25, D. C.

MISCELLANEOUS PRICE-SUPPORT INFORMATION

Q. Does CCC usually deal directly with producers in carrying on its price-support operations?

A. Usually. But in some cases it is necessary to provide support indirectly. As was pointed out earlier, prices of milk and butterfat are supported through purchases from manufacturers and handlers of dairy products, and cottonseed through purchases of cottonseed end products from oil mills. Also, in supporting some crops such as tobacco and naval stores, CCC may deal with producers through producers' cooperatives.

Q. Does CCC consider such factors as grade, type, and location in establishing support prices?

A. Yes.

The Agricultural Act of 1949, as amended, section 403, provides that "appropriate adjustments may be made in the support price for any commodity for differences in grade, type, staple, quality, location, and other factors. Such adjustments must, insofar as practicable, be made in such manner that the average support price for such commodity will, on the basis of anticipated incidence of such factors, be equal to the level of support determined as provided in this act."

Under the National Wool Act of 1954, the Secretary of Agriculture may, in determining support prices and rates of payment, make adjustments in such prices or rates for differences in grade, quality, type, location, and other factors to the extent he deems practicable and desirable.

Q. Does the law specify the precise terms and conditions under which CCC must carry on its price-support operations?

A. No. The law leaves the detailed terms and conditions of the operations to be administratively established. These are based on the nature of the commodity to be supported, the marketing structure, and other considerations.

Q. Does CCC have permanent authority to carry on price-support operations?

A. Yes. Section 5 (a) of the Commodity Credit Corporation Charter Act provides that CCC may "support the prices of agricultural commodities through loans, purchases, payments, and other operations."

The Agricultural Act of 1949, as amended, goes further and specifies the commodities for which support is mandatory or permissive and the levels—or range of levels—at which they must or may be supported.

Q. How long has CCC supported prices?

A. Price support was first provided by CCC on 1933-crop corn and upland cotton.

Q. What is the "price-support investment?"

A. CCC's "investment" in price support is made up of loans outstanding and the cost value of inventories acquired under the price-support program.

The price-support investment of CCC as of June 30, 1954, was $6,005,511,000—made up of loans outstanding of $2,337,289,000 (including $2,002,184,000 of loans financed by lending agencies), and the cost value of inventories, which was $3,668,222,000.

Q. What is "price support extended?"

A. "Price support extended" refers to the overall volume of support activity—covering purchases but not sales, loans made but not repayment of loans, and purchase agreements entered into.

Price support extended on 1953 crops through June 30, 1954, amounted to $4,305,971,000, as compared with $2,865,307,000 on 1952 crops.

Q. Are price-support payments made to farmers for not producing commodities?

A. No. A farmer obtains price support only on a commodity actually produced.

Q. Is "price support" identical with "income support?"

A. The two are related but they are not identical. A farmer obtains price support only on the commodities he actually produces; his income depends upon how much he harvests, the quality of his crops, and the price he receives.

Q. Does CCC support futures prices?

A. No. CCC does not buy or sell commodities in futures markets. CCC deals with producers through county ASC committees, cooperative marketing associations, processors, dealers, ginners, handlers, or producers' pools. Price-support operations of CCC, however, may indirectly affect futures prices by affecting "free" supplies and, thereby, cash prices.

Q. What has been the net realized losses of the Commodity Credit Corporation in carrying on the price-support program?

A. Net realized losses of the Commodity Credit Corporation on its price-support program totaled $1,529,613,963 from October 1933 through June 1954. Details of gains and losses, by commodities are shown in table 36.

As was pointed out in the Introduction, however, price support by CCC is only one of the price programs now being carried on by the U. S. Department of Agriculture. Other types of programs have been carried on in other years. The total cost of all programs aimed primarily at, or effecting, the stabilization of prices and income (including the cost of price support approximated $8,469,200,000 for

the period July 1, 1931–June 30, 1954. Details of gains and losses, by programs, are shown in table 37.

Q. Where may current information on CCC price-support activities be obtained?

A. Detailed information on all CCC programs is contained in the monthly CCC "Report of Financial Condition and Operations." This report may be obtained from the Information Division, Commodity Stabilization Service, Washington 25, D. C.

THE INTERNATIONAL WHEAT AGREEMENT

The objectives of the International Wheat Agreement are to assure markets for wheat to exporting countries and supplies of wheat to importing countries at equitable and stable prices.

(The International Wheat Agreement, which otherwise would have expired on July 31, 1953, was revised and renewed by action of the International Wheat Council at Washington, D. C., early in 1953, and by subsequent acceptance by the governments of the member countries. The revised and renewed Agreement will be in effect for a 3-year period ending July 31, 1956.)

Under the agreement (as revised and renewed), exporting countries may ship a maximum of about 389,000,000 bushels of wheat to (as of August 31, 1954) 43 importing countries. The United States and 3 other exporting countries are obligated to sell wheat only at the maximum price of $2.05 per bushel, basis bulk wheat in store at Fort William-Port Arthur, Canada, in terms of United States currency. Importing nations are obligated to buy wheat only at the minimum price of $1.55 per bushel. Between the floor and the ceiling, wheat is free to move at prices agreed upon between buyer and seller.

The following questions and answers may clarify major provisions of the International Wheat Agreement.

Q. What countries are exporters?

A. The United States, Australia, Canada, and France.

Q. What countries are importers?

A. Austria, Belgium, Bolivia, Brazil, Ceylon, Costa Rica, Cuba, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, Germany, Greece, Guatemala, Haiti, Honduras, Iceland, India, Indonesia, Ireland, Israel, Japan, Jordan, Korea, Lebanon, Liberia, Mexico, Netherlands, New Zealand, Nicaragua, Norway, Panama, Peru, Philippines, Portugal, Saudi Arabia, Spain, Switzerland, Union of South Africa, Vatican State, Venezuela, and Yugoslavia.

Q. What proportion of the world wheat trade is covered?

A. The yearly total of about 389,000,000 bushels of wheat included in the Agreement is about half the current annual world trade in wheat.

Q. Does the Agreement limit United States wheat exports?

A. No. If the United States meets its commitments under the Agreement, it is free to export any additional quantity of wheat, at any price, to any country.

Q. What is the United States quantity and how does it compare with that of other exporters?

A. United States, 193,744,000 bushels; Canada, 150,913,000 bushels; Australia, 44,377,000 bushels; and France, 339,000 bushels.

Q. Is wheat flour included in the guaranteed quantities?

A. Yes. Within the total guaranteed sales and purchases, the

amount of wheat flour to be supplied by exporters and accepted by importers is determined by agreement between buyer and seller in each transaction.

Q. How do commercial exporters sell wheat or flour under the Agreement?

A. The Commodity Credit Corporation announces daily rates of export payments. Knowing the level of the export rate, exporters may make sales to eligible importers at Agreement prices and report such sales to CCC. CCC confirms the sales as eligible for export payment if the country to which the sale is made has a quota, if the price is right, and if other program terms and conditions are met. After receipt of such confirmation, the exporter may proceed to deliver the wheat or flour. After presenting proof of export, and after meeting other terms and conditions of the program, the exporter may collect the export payment from the Government by filing the appropriate voucher form. The export payment, of course, covers the difference between the United States market price for wheat or flour and the Agreement price at which wheat or flour is sold to importers.

Q. How many bushels of wheat have been sold by the United States under the Agreement?

A. From August 1, 1949, through August 31, 1954, sales under the Agreement totaled about 1,046,000,000 bushels, including wheat and wheat flour in wheat equivalent.

Q. Does the Agreement contain "escape" clauses?

A. Yes.

An exporting country may be relieved of all or part of its obligation in a particular crop year by reason of a short crop.

An importing country may be relieved of all or part of its obligations for a particular crop year by reason of the necessity to safeguard its balance of payments or monetary reserves. Such relief, however, is only given by a majority vote of the Council. In taking this decision, the Council is directed to seek and take into account the opinion of the International Monetary Fund—where the matter concerns a country which is a member of the Fund—on the existence and extent of the necessity for relief in the crop year concerned.

Finally, provision is made for any exporting or importing country which considers its national security to be endangered by the outbreak of hostilities to withdraw from the Agreement.

Q. What is the penalty for breach of the Agreement?

A. A country may suffer loss of its voting right or may be expelled from the Agreement.

Q. Why was Canadian wheat and Canadian currency specified as the base?

A. Historically, Canada has exported wheat to most of the participating countries. Canadian wheat, furthermore, is generally regarded as the standard for transactions in world trade, inasmuch as Manitoba Northern wheat is the largest single class of wheat sold in world trade.

Q. Do equivalent maximum and minimum prices for United States wheat vary from those quoted for No. 1 Manitoba Northern wheat in store at Fort William-Port Arthur?

A. Yes. Two variable factors make for differences between the United States and the Canadian price.

First, transportation costs on wheat exported from a United States Gulf or Atlantic seaport to the importing country are less than from Fort William-Port Arthur to the importing country. The maximum equivalent prices at the United States ports will be higher because of this differential. Because of a special provision, the equivalent maximum price for wheat in store at United States Pacific seaports is set at $2.05 per bushel for wheat of quality equal to No. 1 Manitoba Northern.

Second, price equivalents for United States wheat may vary because of quality differentials between No. 1 Manitoba Northern and quality of the wheat being exported. The quality differential is mutually agreed upon between the importing and exporting parties concerned. In actual practice such quality differentials vary from time to time, depending upon available supplies of the kind of wheat desired by the importer and the kind offered by the exporter.

Q. Does the fulfillment of United States obligations require a subsidy?

A. It requires a subsidy whenever United States domestic prices for wheat are over the maximum price.

Q. What agency pays the subsidy?

A. The Commodity Credit Corporation, which is reimbursed from funds appropriated for that purpose.

Q. Under what legislation does the CCC make subsidy payments under the Agreement?

A. The International Wheat Agreement Act of 1949, as amended by Public Law 180, 83d Congress.

Q. How is the Agreement administered?

A. By an International Wheat Council, composed of a voting member from each of the exporting and importing countries in the Agreement. The Council has headquarters at London, England. Each importing and exporting country undertakes to accept as binding all decisions of the Council under the Agreement.

Q. Does each member of the Council have equal vote?

A. No. Provision is made for a proportional system of representation. Importing countries hold 1,000 votes and exporting countries 1,000 votes. The total number of votes held by importers and exporters, 2,000, is divided among the members of that group in the proportion which their respective guaranteed purchases or sales bear to the total purchases or sales.

SECTION 32 PROGRAMS

Congress in 1935 passed legislation aimed, in general, at widening market outlets for surplus farm commodities. This legislation (sec. 32 of Public Law No. 320, 74th Cong.) authorizes the Department of Agriculture to (1) encourage exports of agricultural commodities and products; (2) encourage the domestic consumption of agricultural commodities and products by diverting them from the normal channels of trade and commerce or by increasing their utilization among persons in low-income groups; and (3) reestablish farmers'

purchasing power by making payments in connection with the normal production of any agricultural commodity for domestic consumption. Section 32 provides that an amount equal to 30 percent of the gross receipts from duties collected under the customs laws shall be made available for carrying out the programs. Later legislation (Public Law No. 165, 75th Cong.) provided that the funds appropriated may be used for the purchase of agricultural commodities and products, and that such commodities may be donated for relief purposes. The National School Lunch Act (Public Law No. 396, 79th Cong.) established still further guidance by specifically authorizing the donation to schools of commodities purchased under authority of section 32.

In administering operations under section 32, the Department of Agriculture seeks to (1) provide limited price assistance to farmers confronted with price-depressing surpluses; (2) expand foreign markets for surplus American farm products; (3) improve the diets of school children and needy persons; and (4) find a new use or a new domestic market for commodities "diverted from the normal channels of trade and commerce." Over all, section 32 has made it possible to find useful outlets for many surplus agricultural commodities that might otherwise have been wasted.

Tables 1, 2, and 3 summarize the various section 32 programs carried on during the fiscal year 1954 (July 1, 1953–June 30, 1954).

EXPORT PROGRAMS

TABLE 1.—*Quantities of commodities exported under authority of section 32, and funds obligated, fiscal year 1954*

Commodity	Quantity exported	Funds obligated
		Dollars
Corn ____ bushel	9, 322, 000	1, 500, 000
Fruits:		
Apricots, dry ____ ton	1, 818	272, 641
Citrus juice, blend ____ case	38, 760	22, 318
Grapefruit, fresh ____ box	280, 011	210, 009
Grapefruit juice, concentrated ____ gallon	58, 177	38, 821
Grapefruit juice, s. s ____ case	376, 149	204, 917
Grapefruit sections ____ do	24, 646	24, 875
Oranges, fresh ____ box	3, 946, 741	4, 208, 999
Orange juice, concentrated ____ gallon	669, 907	531, 679
Orange juice, s. s ____ case	365, 568	222, 402
Pears, fresh ____ box	298, 287	298, 287
Raisins, dried ____ ton	49, 478	1, 971, 777
Honey ____ pound	17, 604, 292	670, 247
Wheat ____ bushel	15, 960, 210	2, 805, 355
Total	----------	12, 982, 327

DIRECT DISTRIBUTION (PURCHASE) PROGRAMS

TABLE 2.—*Quantities of commodities purchased under authority of section 32 (for distribution to school lunch programs, institutions, and persons in low-income groups), and funds obligated, fiscal year 1954*

Commodity	Quantity purchased for distribution	Funds obligated
		Dollars
Beans, dry ... pound	10, 807, 000	1, 216, 338
Beef ... do	214, 037, 000	84, 106, 229
Cottonseed oil (salad) ... gallon	819, 610	1, 482, 819
Cottonseed oil (shortening) ... pound	37, 734, 398	9, 126, 457
Dairy products:		
Butter ... do	81, 972, 581	58, 797, 724
Cheese ... do	52, 797, 953	22, 716, 483
Milk ... do	36, 292, 275	7, 192, 318
Fruits:		
Cranberries, canned ... case	290, 005	1, 146, 317
Pears, fresh ... box	126, 429	387, 046
Honey ... pound	524, 000	150, 000
Pecans ... do	594, 000	401, 538
Potatoes ... cwt	369, 098	1, 147, 628
Total		187, 870, 897

DIVERSION PROGRAMS

TABLE 3.—*Quantities of commodities diverted from the normal channels of trade and commerce to new uses under authority of section 32, and funds obligated, fiscal year 1954*

Commodity	Quantity diverted	Funds obligated
		Dollars
Honey ... pound	721, 400	27, 160
Potatoes ... cwt	3, 384, 048	932, 248
Total		959, 408

PROGRAMS TO REESTABLISH FARMERS' PURCHASING POWER

No programs have been initiated under this authority (clause 3 of sec. 32) in recent years.

STATUS OF SECTION 32 FUNDS, FISCAL YEAR 1954

The following tabulation shows project obligations, statutory transfers, unobligated balance, and availability of section 32 funds in the fiscal year 1954:

	Dollars
Project obligations:	
Exports	12, 982, 327
Direct distribution	187, 870, 897
Diversion	959, 408
Administrative expenses	3, 569, 487
Total above projects	205, 382, 119
Allotments and transfers to cooperating agencies	1, 852, 843
Total obligations	207, 234, 962
Unobligated balance (available for use in future programs)	268, 768, 579
Total funds available [1]	476, 003, 541

[1] The Agricultural Act of 1948 amended section 32 to provide that sums up to and including $300,000,000 shall remain available for section 32 purposes until spent, but that any amount remaining unexpended at the end of any fiscal year over $300,000,000 shall revert to the Treasury.

QUESTIONS AND ANSWERS

Q. How are operations handled under the various types of program?

A. As follows:

EXPORT PROGRAMS

The operation of a typical export program is relatively simple. At the start of the program, the exporter is informed of the amount he will be paid per unit from section 32 funds on exports to certain destinations, and the basic terms and conditions of the program. The exporter then enters into a contract with his regular customer in a foreign country. He buys the commodity at the market price, but—because of the subsidy he will be able to collect from the Federal Government—he is able to sell to his customer at the competitive world price, which is generally below the United States domestic market price. After export, which is handled through regular trade channels, he receives a supplementary payment from section 32 funds. The exporter's return on the transaction, then, comes from two sources—the sales price from the foreign buyer and the payment from section 32 funds.

DIRECT DISTRIBUTION (PURCHASE) PROGRAMS

The Department of Agriculture purchases surplus agricultural commodities through regular trade channels from farmers, farmers' agents, cooperatives, and, in some cases, from processors. Sometimes purchases are made from the Commodity Credit Corporation. Commodities purchased are donated through the facilities of State distributing agencies to groups eligible to receive them under the law. These groups are as follows:

1. Public, Indian, or nonprofit private schools of high school grade or under operating nonprofit school lunch programs. Eligible schools not serving complete meals may receive commodities that do not require preparation for serving.
2. Public and private charitable institutions. Penal institutions are not eligible.
3. Tax-exempt summer camps and child-care centers operated for the benefit of children.
4. Public or private welfare agencies that serve or assist needy persons.

5. Any organization providing emergency or disaster relief is eligible provided specific authorization is granted by the Department.

In the handling of section 32 distribution operations, there is very close cooperation between the Federal Government and the States. The Secretary of Agriculture, acting within legal limitations, determines the general types or groups of persons eligible to receive donated food. State distributing agencies, acting under agreements with the Department, determine the specific organizations which meet the requirements specified by the Department and which may, therefore, obtain donated food.

The Federal Government pays the cost of shipping the commodities in carload lots to central receiving points within the States. The States are responsible for arranging for delivery of the commodities to the final recipients.

Purchases are limited to the quantities that can be moved through eligible outlets. Consequently, before any commodities are bought, a determination is made as to the total quantity that can be distributed. This type of operation is called "direct distribution" because the commodities purchased are distributed outside the regular channels of trade as compared with other programs, such as the food stamp plans operated between 1939 and 1943, under which recipients obtained commodities through regular trade channels.

DIVERSION PROGRAMS

The objective of diversion programs is to encourage the use of the surplus commodity in a different way than would occur without the program. Diversion programs have taken many different forms. These include experimental or demonstration operations to develop new uses (such as cotton for insulation); channeling of surpluses to byproduct or secondary uses (such as potatoes for livestock feed and starch); and operations that seek to alter the proportion utilized in different outlets (such as increasing the proportion marketed in different geographical areas, or between shelled and unshelled uses in the case of nuts).

Practically all diversion programs have involved a payment from section 32 funds to the person making the diversion, after the diversion has taken place. The terms and conditions under which payment is made generally are contained in a contract. Payments are made to processors who buy the commodity in the open market as a raw material to be used in the manufacture of a new product. Payments also are made to farmers and others who divert the unprocessed commodity to a new outlet. These payments made it possible for processors, farmers, and others to merchandise profitably the diverted commodity, which must compete with established commodities for consumers' dollars. Commodities manufactured under a diversion program are sold by the manufacturer through regular trade channels.

PROGRAMS TO REESTABLISH FARMERS' PURCHASING POWER

No programs to reestablish farmers' purchasing power have been in effect in recent years, although several have been undertaken in the past. One was the so-called supplemental cotton stamp plan, carried on during the fiscal year 1941. (*See* p. 35.) The last program to reestablish farmers' purchasing power was undertaken in the fiscal

year 1943 to encourage producers of potatoes and truck crops to meet production goals.

Q. Who determines what commodities receive section 32 assistance, the type of assistance, and the level and extent of assistance?

A. The Secretary of Agriculture.

Q. What major factors are considered in selecting commodities to receive price assistance?

A. 1. *Agricultural commodities.*—Section 32 funds, generally speaking, may be used only for programs involving agricultural commodities and products thereof, although special statutory provisions have been made for the use of some section 32 funds in connection with fishery products.

2. *Existence of surplus.*—The purpose of section 32 programs is to remove surpluses. These surpluses can be "physical"; that is, the type of surplus that comes when available supplies exceed normal domestic, export, and stock requirements. Or the surpluses can be "economic," a situation that develops when prices are below certain desired levels.

3. *Preference for perishable commodities.*—Section 32 funds must be devoted principally to perishable nonbasic agricultural commodities (other than those receiving price support under title II of the Agricultural Act of 1949) and their products. The title II commodities receiving price support are milk and butterfat, wool, mohair, potatoes, tung nuts, and honey.

4. *Extent of surplus.*—The size of the surplus affects the selection of commodities for assistance.

5. *Cause of the surplus.*—Whether the surplus arises from conditions beyond the growers' control, such as weather or general market conditions, or whether it is due to factors within growers' control, such as excess acreage, are matters carefully considered.

6. *Existence of outlets.*—Section 32 programs are not undertaken unless there are potential outlets.

7. *Availability of funds.*—Section 32 operations are limited to a specified maximum amount each year inasmuch as funds available are based upon an amount equal to 30 percent of customs receipts, plus a maximum of $300,000,000 from unused balances of prior years.

8. *Other pertinent factors.*—Section 32 funds may be used to support prices of agricultural commodities—as authorized by section 401 (a) of the Agricultural Act of 1949—provided the action at the same time achieves one of the three objectives of section 32. Most section 32 programs do not seek to support prices at a specific level. However, they can affect prices and when they do so, before a section 32 program is undertaken the Secretary of Agriculture also considers the factors he is required to consider whenever he undertakes any nonmandatory price-support program. These factors are the supply of the commodity in relation to demand; the levels at which price assistance is being given to other commodities; the availability of funds; the perishability of the commodity; the importance of the commodity to agriculture and the national economy; the ability to dispose of stocks acquired; the need for offsetting temporary losses of export markets; and the ability and willingness of producers to keep supplies in line with demand.

Q. What major factors are considered in determining the type or methods of assistance to be used?

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A. Regardless of which type of assistance is used, the particular method adopted must accomplish the objectives of section 32.

The size of the surplus also is important. When the surplus is small, only one method may be used; but when the surplus is large, several methods may be used.

Relative cost of the various methods is to some extent a factor. Purchase (for direct distribution) is the most expensive type of program. Least expensive usually is exportation. In between is the diversion-to-new-use program.

Outlets available must also be considered. Purchases for direct distribution make possible quick stabilizing action in a distressed market and useful outlets generally are available. Purchases are the most widely used type of assistance. Exportation generally is used when the commodity is one that is normally exported and when an effort is being made to hold or regain a traditional market. Diversion-to-new-use programs have been used only to a limited extent, because it has been difficult to find outlets through which use could be materially increased.

Q. What major factors are considered in determining the level of assistance?

A. Surplus commodities usually are purchased (for direct distribution) on the basis of offers from processors or distributors, provided the purchase price does not exceed the maximum price approved by the Secretary. In the case of purchases from growers, however, the Department buys the product at a "fair" price, determined on the basis of prevailing market prices and other factors, and allocates the purchases among growers.

Payments to encourage exports are set at a level that will enable the exporter to pay the prevailing domestic market price and then sell the commodity abroad.

Payments to encourage diversion to new uses are set at a level that will enable these commodities to move into new uses. The size of the payment, therefore, depends upon how large an incentive is required to encourage a person to put the commodity to the new use.

Q. What are major differences between section 32 and price-support operations?

A. 1. Section 32 does not specify what commodities are to be exported, distributed, or diverted. The Agricultural Act of 1949, as amended, on the other hand, makes price support mandatory for specified commodities.

2. Section 32 does not specify how much the Department of Agriculture shall pay per unit through purchases, indemnities, or payments. The Agricultural Act of 1949 specifies, generally in terms of stated percentages of the parity price or in terms of a range of percentages, the levels at which prices may be supported.

3. Under section 32 operations, the Department of Agriculture generally does not acquire commodities for storage; they are shipped promptly to school lunch programs and other eligible outlets. Under price-support operations, substantial inventories of storable commodities, such as cotton, corn, and wheat, may be accumulated.

Q. May section 32 funds be used for price-support operations?

A. Yes. Section 401 (a) of the Agricultural Act of 1949, as amended, states that "the Secretary shall provide the price support authorized or required herein through the Commodity Credit Corporation *and*

other means available to him." [Italics supplied.] "Other means," of course, include section 32.

Q. Are there any special limitations on the use of section 32 funds?

A. Yes. No more than 25 percent of available section 32 funds can be expended on any one agricultural commodity in any one fiscal year. Section 32 funds must be used principally for perishable nonbasic agricultural commodities other than those receiving price support under title II of the Agricultural Act of 1949. Section 32 programs give assistance at a price level which does not exceed certain maximum levels approved by the Secretary of Agriculture at the time the program is undertaken. These maximum levels cannot exceed 90 percent of parity and generally are well below this level.

Q. What is the source of section 32 funds?

A. Section 32 programs are financed by a continuing appropriation equal to 30 percent of the import duties collected on all commodities (nonagricultural as well as agricultural) under the customs laws of the United States, plus unused balances to the extent of $300,000,000. These funds, as authorized by section 32 of Public Law 320, 74th Congress, become available to the Secretary of Agriculture at the beginning of each fiscal year without any further legislation.

Prior to the fiscal year 1951, an amount equal only to 30 percent of customs receipts was available each fiscal year, because any unused balance at the end of the year was returned to the Treasury. Since the fiscal year 1951, however, the volume of section 32 operations has not been limited by customs collections in the previous year, because unused section 32 funds up to a maximum of $300,000,000 may be carried over. This carryover is in addition to the annual appropriation equal to 30 percent of customs receipts.

In addition to customs receipts, Congress from time to time has made other funds available for section 32 purposes. Also, there have been times when Congress transferred section 32 funds for other purposes, such as for cotton price adjustment payments, refunds of processing taxes, agricultural conservation program operations, and national school lunch program activities.

The accompanying tabulation shows the total amount of funds available for section 32 operations over the 1936–54 fiscal year period, amount spent by the U. S. Department of Agriculture for section 32 activities, and amount used for other purposes:

30 percent of customs receipts [1]	$2, 372, 800, 000
Supplemental appropriations	374, 600, 000
Total available	2, 747, 400, 000
Department of Agriculture expenditures of section 32 funds for commodity programs, school lunch cash payments, and administrative expense [2]	1, 732, 000, 000
Transferred by legislative action to other uses	564, 100, 000
Transfers to cooperating agencies	39, 900, 000
Balances returned to U. S. Treasury	142, 700, 000
Unobligated balance carried forward to fiscal year 1955	268, 700, 000
Total use	2, 747, 400, 000

[1] The smallest annual amount based on customs receipts was $92,100,000 in the fiscal year 1936; the largest was $181,040,000 in the fiscal year 1953.

[2] Represents expenditures for all years plus unliquidated obligations for 1952 to 1954 inclusive. (*See* footnote 4, table 37, p. 106.)

Q. How have section 32 funds been spent?

A. During the 18 years section 32 programs have been in operation, the Department of Agriculture has spent $1,531,100,000 for the removal of surplus commodities and an overall total of $1,732,000,000. None of the funds spent has been recovered by the Government.

The following tabulations show 1936–54 expenditures broken down on the basis of commodities and type of program:

Expenditures, section 32, by commodity groups, fiscal years 1936–54:

	Million dollars
Fruits	270. 6
Cotton	197. 2
Vegetables	188. 7
Grain	179. 7
Eggs and poultry	174. 7
Dairy products	253. 5
Livestock products	169. 4
Peanuts and products	28. 5
Tree nuts	20. 2
Tobacco	18. 1
Miscellaneous	30. 5
Total for commodities	1, 531. 1
School lunch cash payments	136. 7
Administrative expense	64. 2
Total expenditures	1, 732. 0

Expenditures, section 32, by type of program, fiscal years 1936–54:

	Million dollars
Domestic direct distribution (purchase) programs	854. 2
Food stamp plan	262. 0
Export programs	284. 6
Diversion programs	106. 3
Cotton stamp plan	24. 0
Total for commodities	1, 531. 1
School lunch cash payments	136. 7
Administrative expense	64. 2
Total expenditures	1, 732. 0

Q. What is the relationship between section 32 and the national school lunch program?

A. The section 32 program and the national school lunch program are separate and distinct. Both are authorized and financed by separate acts of Congress.

Both programs, however, provide some price assistance to farmers by expanding markets for agricultural commodities. Also, a large part of the foods acquired under section 32 purchase programs is donated to the school lunch program. Such donations are authorized specifically by section 9 of the National School Lunch Act which provides that—

> Commodities purchased under the authority of section 32 * * * may be donated by the Secretary to schools, in accordance with the needs as determined by local school authorities, for utilization in the school lunch program under this act as well as to other schools carrying out nonprofit school lunch programs and institutions authorized to receive such commodities.

Q. What was the relationship between section 32 and the "stamp plans" carried on during the late 1930's and early 1940's?

A. In the fiscal years 1939 to 1943, a food stamp program was carried on and, in the fiscal years 1940 to 1942, a cotton stamp program. Under the food stamp program, persons certified by local welfare agencies as eligible for relief bought minimum quantities of orange-colored stamps, good in exchange for any foodstuff at retail stores, and received free a specified number of blue stamps, good in exchange only for abundant foods designated by the Department of Agriculture. Purchases of orange stamps insured that normal expenditures for food would be continued and that foods obtained with free blue stamps would represent a net addition to food consumption. Essentially the same procedure was used for the cotton stamp program. Both programs were financed with section 32 funds.

During the fiscal year 1941, a supplemental cotton stamp program was made effective as one phase of the general program to adjust cotton production to consumption requirements. It provided for making payments, in the form of cotton-order stamps, for reductions in cotton acreage below the allotment determined for the farm under the 1941 agricultural conservation program. Payments were computed at the rate of 10 cents per pound on the normal cotton yield of the diverted acreage. The program provided for minimum payments of $5 and maximum payments of $25 for each farm, and also provided that in no event should a producer's cotton-order payments exceed a total value of $50, regardless of how many farms he owned. This program was carried on under clause (3) of section 32, which authorizes the Secretary of Agriculture to reestablish farmers' purchasing power by making payments in connection with the normal production of any agricultural commodity for domestic consumption.

SPECIAL SCHOOL MILK PROGRAM

The Agricultural Act of 1954 provides that:

> Beginning September 1, 1954, and ending June 30, 1956, not to exceed $50,000,000 annually of funds of the Commodity Credit Corporation shall be used to increase the consumption of fluid milk by children in nonprofit schools of high school grade and under.

The special school milk program, established under this authority, is designed to move more milk directly into consumption channels by assisting States and local communities to increase the serving of milk in schools.

This is accomplished by reimbursing schools for a portion of the cost of additional milk served. A base is established for each participating school, representing former consumption of milk by children in the school. Schools which previously served milk may be reimbursed up to a maximum of 4 cents for each one-half pint of milk served in excess of the base. Schools that did not have a milk service last year may be reimbursed up to a maximum of 3 cents per half pint served to children.

Schools participating in the special school milk program must agree to operate their food or milk service on a nonprofit basis. They must also serve only fluid milk meeting State and local standards for butterfat content and sanitation.

The program is administered within the various States by State educational agencies. They accept schools for participation, pay claims for reimbursement submitted by participating schools on a monthly basis, and undertake general supervision of the program. The CCC funds available for reimbursement payments are advanced to States on a quarterly basis.

Public and nonprofit private schools of high school grade and under are eligible to participate in the special school milk program. Schools participating in the national school lunch program also may participate in the special school milk program because it is designed both to encourage more schools to start a milk service and to increase consumption in those schools previously serving milk to children.

The milk may be served during the lunch hour, at recess, or during any other period of the schoolday. A child may be served as many half pints each day as he wishes to drink. School officials are given wide latitude in this matter.

MARKETING AGREEMENT AND ORDER PROGRAMS

Marketing agreement and order programs, established under authority of the Agricultural Marketing Agreement Act of 1937, as amended, seek to establish and maintain orderly marketing conditions for certain commodities and their products. In 1954, marketing agreement and order programs were in effect for milk, fruits, vegetables, tree nuts, tobacco, and anti-hog-cholera serum and virus. Authorized actions under marketing agreement and order programs are protected against antitrust prosecution for combination or conspiracy.

Milk order programs provide for the classification of milk on the basis of use, and for the establishment of minimum prices that must be paid producers for the milk going into the various uses. The price of "Class I" milk (that is, milk for fluid consumption and, in some cases, milk for cream and milk drinks) is designed to reflect supply and demand conditions for milk in a marketing area after taking into account the necessary reserve, which is used for manufacturing purposes, and prices applicable to the reserve.

For commodities other than milk, such as fruits, vegetables, and tree nuts, several types of regulations may be used. These include controls over the quality, quantity, and rate of shipment from producing areas to market; the establishment of reserve pools; the control and disposition of surpluses; the prohibition of unfair trade practices; posting of prices; regulation of containers, and the establishment of marketing research and development activities. These regulations, unlike those under milk order programs, do not establish prices that must be paid producers. The regulations, however, tend to enhance or maintain prices received by producers.

QUESTIONS AND ANSWERS

Q. What is the distinction between a marketing agreement and a marketing order?

A. A *marketing agreement* is a voluntary contract entered into by the Secretary of Agriculture and a handler of a particular agricultural commodity. Such an agreement affects only the handlers who sign it. Handlers of any agricultural commodity or product thereof may

enter into a marketing agreement with the Secretary of Agriculture.

A *marketing order* issued by the Secretary of Agriculture makes the order binding upon all the handlers of the commodity in the specified production or marketing area, regardless of whether they signed the marketing agreement. Under the Agricultural Marketing Agreement Act of 1937, marketing orders are applicable only to the following agricultural commodities and the products thereof (except canned or frozen grapefruit, the products of naval stores, and the products of honeybees), or to any regional, or market classification of any such commodity or product: Milk, fruits (including filberts, almonds, pecans, and walnuts, but not including apples, other than apples produced in Washington, Oregon, and Idaho, and not including fruits, other than olives and grapefruit, for canning or freezing), tobacco, vegetables (not including vegetables, other than asparagus, for canning or freezing), soybeans, hops, honeybees, and naval stores.

Most programs for milk are in effect under orders without agreements, whereas most programs for commodities other than milk are under both marketing agreements and orders.

Q. How is a marketing agreement and order program instituted?

A. Several steps are usually involved: (1) The Secretary of Agriculture may initiate proceedings, but generally a tentative agreement and order is formulated by industry groups; (2) the producer-sponsored program, together with a request for a public hearing, is submitted to the Secretary; (3) after due notice, the hearing is held; (4) interested parties are given sufficient time to file written briefs or arguments and proposed findings or conclusions after the close of the hearing; (5) a recommended decision, containing terms of the program as revised on the basis of evidence presented at the hearing, is prepared and published; (6) interested parties are given sufficient time to file exceptions to the recommended decision; (7) a final decision of the Secretary is prepared with respect to terms and provisions of the marketing agreement; (8) the marketing agreement, as approved by the Secretary, is submitted for approval by handlers and the regulatory program is submitted to producers; (9) if 50 percent of the handlers sign the agreement (for California citrus fruit it is 80 percent) and two-thirds of the producers voting in referendum approve the issuance of an order (for California citrus fruit and individual handler pools in milk it is three-fourths), the Secretary may then issue an order making the terms of the marketing agreement program effective upon the entire industry in a specified producing or marketing area. If the issuance of an order has the necessary producer approval but the required proportion of handlers fails to sign the agreement, the Secretary may, nevertheless, issue an order to accomplish the purposes of the act, if he finds that the issuance of an order is the only practicable means of advancing the interests of producers—and if refusal or failure of the handlers to sign tends to prevent accomplishing the declared policy of Congress.

Q. How are marketing orders amended?

A. The procedure is much the same as when the order is instituted, but less time for notice may be required.

Q. How are marketing orders terminated?

A. A marketing order, or any provision of an order, must be terminated at any time the Secretary of Agriculture finds that the order no longer tends to achieve the declared policy of the Agricultural

Marketing Agreement Act of 1937, as amended. The Secretary also must terminate any marketing order at the end of the then current season whenever at least half the producers who produce at least half the commodity regulated request that the order be terminated. Benefits, privileges, and immunities terminate then, except for acts committed during the operation of the programs. The administrative committees become trustees and liquidate the assets of terminated programs.

Q. Who is regulated under a marketing order?

A. Handlers are regulated. The term "handler" is usually defined specifically in the order.

Q. What legal actions may be taken against violators of an order?

A. Three types of action may be taken (by the Department of Justice):

1. Civil action to require compliance by injunction. This helps to prevent further violation of the order.

2. Civil action to obtain triple damages. If the prosecution is successful, the offender is required to pay three times the value of the product shipped in violation of the order.

3. Criminal action to obtain conviction. If convicted, the offender may be fined not less than $50 nor more than $500 for each violation. But each day the violation continues may be considered a separate violation.

(Any handler may petition for relief from any order or regulation. While the petition is pending, he is protected against criminal prosecution if his petition is filed in good faith. A procedure is outlined in detail for handling such petitions and for appeal to the courts from the decision of the Secretary of Agriculture.)

Q. How many milk marketing orders were effective in 1954?

A. Fifty-three—in the following areas: Appalachian (an area at the juxtaposition of the States of Virginia, Kentucky, and Tennessee), Black Hills (S. Dak.), Boston, Cedar Rapids (Iowa), central Mississippi, central west Texas, Chicago, Cincinnati, Cleveland, Columbus, Dayton-Springfield (Ohio), Detroit, Dubuque (Iowa), Duluth-Superior, Fall River (Mass.), Fort Smith (Ark.), Fort Wayne (Ind.), Kansas City, Knoxville (Tenn.), Lima (Ohio), Louisville, Memphis, Merrimack Valley (Mass.), Milwaukee, Minneapolis-St. Paul, Muskegon (Mich.), Nashville, Neosho Valley (Kans. and Mo.), New Orleans, New York, north Texas, Oklahoma City, Omaha-Lincoln-Council Bluffs, Ozark (Mo.), Paducah, Philadelphia, Puget Sound (Wash.), Quad Cities (Davenport, Iowa, and Rock Island, Moline, and East Moline, Ill.), Rockford-Freeport (Ill.), St. Louis, San Antonio, Sioux City, Sioux Falls-Mitchell (S. Dak.), South Bend-La Porte (Ind.), Southwest Kansas, Springfield (Mass.), Stark County (Ohio), Toledo, Topeka, Tri-State (an area at the juxtaposition of the States of Ohio, Kentucky, and West Virginia), Tulsa-Muskogee, Wichita, and Worcester (Mass.).

Q. What are the general characteristics of all milk marketing orders?

A. Each milk marketing order provides for an agency to administer the terms of the order, defines the marketing area to which the order applies, establishes minimum producer prices according to the use made of the milk by the handlers, and provides for a method of dis-

tribution among producers the total receipts from milk sales to handlers.

Q. Who administers milk marketing orders?

A. Each market has a Federal milk market administrator, appointed by the Secretary of Agriculture. An administrator, however, may handle more than one market. For example, the administrator of the Chicago order also administers the Rockford-Freeport order.

Q. What is the "marketing area" to which the order applies?

A. It is the area within which any person who sells milk received from producers (as defined in the order) becomes a handler and is subject to the order. This area is precisely defined in each order.

Q. What are the advantages of "use classification" under milk marketing orders?

A. The classification of milk according to the use made of the milk by handlers, with minimum prices to producers for each use classification, enables dairy farmers to realize the full value of their milk in disposing of their entire production.

Q. On what basis are producers paid for their milk under milk marketing orders?

A. In order to return to producers on an equitable basis the full value of the minimum class prices required to be paid by handlers, the program provides for one of two methods for distributing returns to the farmers who supplied the milk. This is done either through a marketwide pooling arrangement or through individual handler pools.

Under a marketwide pool, the announced producer price is uniform for all producers in the market inasmuch as it represents a "blend" of the combined class values of all the milk received in the market by all handlers. When individual-handler pools are used, prices received by producers delivering milk to any one handler are uniform as between the producers delivering to that handler, but they may be different from prices received by producers delivering milk to other handlers, depending upon differences in the utilization of milk by the various handlers. Under either type of pooling arrangement, the announced producer price is subject to uniform adjustments, depending upon the butterfat content or delivery zone for the individual producer.

In some markets, base-rating plans have been used. Under these plans a producer receives one price for a certain part of his milk and a lower price for milk produced in excess of this "base" amount. The "base" amount for an individual producer is usually determined in accordance with his production during the season of low production for the market as a whole. The purpose of a base-rating plan is to encourage more even production by producers at all seasons of the year.

Q. What marketing agreement and order programs were effective in 1954 for commodities other than milk?

A. *Citrus fruits.*—Grapefruit (California and Arizona); lemons (Arizona and California); oranges, grapefruit, and tangerines (Florida); navel oranges (Arizona and California); Valencia oranges (Arizona and California).

Other fruits.—Tokay grapes (California); peaches (Colorado); peaches (Georgia); peaches (Utah); Bartlett pears, plums, and Elberta peaches (California); avocados (south Florida); Buerre hardy

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pears (California); winter pears (Oregon, Washington, and California); dried prunes (California); raisins (California).

Vegetables.—Fresh peas and cauliflower (Colorado).

Potatoes.—(Idaho and Oregon); (Colorado); (Oregon and California); (North Carolina and Virginia); (eastern South Dakota); (Massachusetts, Rhode Island, Connecticut, New Hampshire, and Vermont); (Washington); (Maine).

Tree nuts.—Almonds (California); filberts (Oregon and Washington); pecans (Georgia, Alabama, South Carolina, Florida, and Mississippi); walnuts (California, Oregon, and Washington).

Tobacco.—(Georgia-Florida).

Anti-hog-cholera serum and hog-cholera virus.

Q. What area may be included in a marketing agreement and order program for commodities other than milk?

A. The Agricultural Marketing Agreement Act of 1937 requires that any marketing agreement or order for commodities other than milk and its products must be limited to the smallest regional production area practicable.

Q. What type of regulation may be included under a marketing agreement and order program for commodities other than milk?

A. 1. *Regulation of quality.*—This is usually accomplished by specifying the grades, sizes, or maturity of the product that may be shipped to market.

2. *Regulation of quantity.*—This method of regulation involves the establishment of the quantity of the product that may be shipped to market during any specified period. The total quantity is allocated among all handlers on the basis of past performance of handlers or the amount of product each handler has available for current shipment.

3. *Reserve pools.*—This involves the establishment of a reserve pool of the product and equitable distribution to all financially interested persons of returns derived from the sale thereof.

4. *Surplus control.*—This involves determining the extent of a surplus, providing for the control and disposition thereof, and for equalizing the burden of surplus elimination among producers and handlers.

5. *Unfair trade practices.*—A method may be provided for prohibiting unfair methods of competition and unfair trade practices in the handling of the commodities.

6. *Price posting.*—This involves the requirement that handlers file their selling prices, and such handlers are not permitted to sell at prices lower than those filed. Handlers may change the prices at any time, but adequate notice must be given.

7. *Regulation of containers.*—This involves providing a method of fixing the size, capacity, weight, dimensions, or pack of the container or containers used in handling any fruits, dried fruits, vegetables, or tree nuts under an order.

8. *Research.*—This involves the establishment of marketing research or development projects designed to assist, improve, or promote the marketing, distribution, and consumption of the commodity covered by the order.

Q. How is a marketing agreement and order program administered for commodities other than milk?

A. All marketing agreement and order programs for commodities

other than milk provide for a committee of growers or handlers, or both, to administer the terms of the order. The method of selecting the committee is outlined in the order. Members of the committee are generally nominated by growers and handlers in the industry and appointed by the Secretary of Agriculture. The term of office, powers, duties, and obligations of the committee are set forth in the order.

All committees are empowered to administer the order, to make rules and regulations to effect the terms and provisions of the order, to investigate violations, and to recommend amendments.

Committees are required to keep books available to the Secretary; to analyze growing and marketing conditions; to make audits; appoint employees; to give notice of meetings, regulations, and policies; and to provide information requested by the Secretary.

Recommended regulations must be in accord with standards set out in the order and with the advance marketing policy, valid with respect to the act, consistent with its objectives, and, in each case, supported by data and analyses.

Most committees must promulgate, in advance of issuing regulations, a detailed shipment policy which will permit growers and handlers to adjust their operations to the contemplated regulations.

Some committees must publish monthly statements, make crop estimates, recommend changes in election or prorate districts, announce opening and closing dates for shipping, consult with other committees, and undertake research or service work.

The Secretary may authorize committees to collect assessments at a uniform rate for expenses which are reasonable and likely to be incurred, in accordance with an advance budget approved by the Secretary. Funds may be used only for purposes authorized by the order and such uses must be approved by the Secretary. Excess funds are either credited to handlers' accounts or returned to handlers at the end of each marketing season.

Activities of committees are further governed by requirements of the Administrative Procedure Act, regulations of the United States Department of Agriculture as published in the Code of Federal Regulations, and bylaws of the committees.

Q. Is regulation of competing imported supplies permitted?

A. Yes. Whenever the grade, size, quality, or maturity of tomatoes, avocados, limes, grapefruit, green peppers, Irish potatoes, cucumbers, mangoes, or egg plants produced in the United States is regulated under an order, the importation into this country of any such commodity is prohibited unless the imported commodity complies with comparable restrictions. Also, section 22 of the Agricultural Adjustment Act (of 1933), as reenacted and amended, requires controls whenever imports interfere with marketing agreements and orders.

THE SUGAR PROGRAM

The prime objectives of the sugar program are, as stated in the preamble of the Sugar Act of 1948, as amended, "to protect the welfare of consumers of sugar and of those engaged in the domestic sugar-producing industry" and "to promote the export trade of the United States." The attainment of these objectives involves (1) the determination of United States total sugar requirements; (2) the establishment of quotas to the various domestic and foreign sugar-

supplying areas representing their share of the market; and (3) payments to domestic producers of sugar beets and sugarcane grown for the production of sugar, provided producers comply with certain labor, wage, price, and marketing requirements prescribed by law.

"Domestic" sugar is produced in the continental United States from sugar beets and sugarcane, and also in Hawaii, Puerto Rico, and the Virgin Islands from sugarcane only. Domestic sugar output, however, provides only about 55 percent of the Nation's total requirements. To assure adequate supplies to consumers at fair and reasonable prices, sugar must be imported from foreign areas, principally from Cuba and the Philippines. But to protect the domestic industry from disastrously low prices through uncontrolled marketings, imports from foreign areas and marketings of sugar produced in domestic areas are regulated through quotas.

DETERMINATION OF CONSUMPTION REQUIREMENTS

The Secretary of Agriculture is authorized by the Sugar Act to determine in December of each year the sugar requirements of consumers in the continental United States for the next year. This determination is not necessarily final; it may be changed during the year as consumer requirements change, or as the price situation for sugar changes. The determination of consumption requirements for 1954 was initially established at 8,000,000 short tons, raw value, and revised to 8,200,000 tons in March 1954.

Basic quotas established by the Sugar Act for the five domestic producing areas total 4,444,000 tons. The act also establishes a quota for the Philippines of 974,000 tons. Additional quotas to meet requirements are apportioned on the basis of 96 percent to Cuba and 4 percent to other foreign countries. When the Secretary of Agriculture determines that a sugar-producing area is unable to fill its quota for the calendar year, he is empowered by the act to declare a deficit for that area and to prorate the amount of the deficit, according to a formula contained in the act, to other areas which can supply sugar to make up the deficiency.

PAYMENTS

Conditional payments are made to domestic producers who comply with the following requirements:

1. That, except for a member of the immediate family of a person who is the legal owner of not less than 40 percent of the crop on the farm, no child under the age of 14 shall be employed or permitted to work in the production of sugar beets or sugarcane, and no child between the ages of 14 and 16 shall be employed or permitted to work in the production of such crops more than 8 hours per day. Failure to comply with this provision results in a deduction from the producer's payment at the rate of $10 per "child day" for any such employment.
2. That all persons employed in sugar beet or sugarcane work on the farm shall be paid in full and at rates not less than those determined by the Secretary of Agriculture to be fair and reasonable.
3. That sugar beets or sugarcane grown on the farm shall not be marketed in excess of the proportionate share established for the farm.
4. That a producer who is also a processor shall pay for all sugar

beets or sugarcane purchased from other producers at prices not less than those determined by the Secretary of Agriculture to be fair and reasonable.

Payments are computed on amounts of sugar and at rates as follows:

The amount of sugar for payment for a farm includes: (1) The amount of sugar commercially recoverable from sugar beets or sugarcane marketed from the farm for the extraction of sugar not in excess of the proportionate share for the farm; and (2) the amount computed in accordance with the provisions of the act with respect to crop deficiencies and bona fide abandonment of planted acreage, resulting directly from drought, flood, storm, freeze, disease, or insects.

The base rate of payment is 80 cents per 100 pounds of sugar commercially recoverable, raw value. For production in excess of 7,000 hundredweight on a farm, the base rate is lowered gradually with the amount of sugar produced, 30 cents being the minimum rate.

Producers of sugar beets in the continental area received conditional payments on the crops of 1943 through 1952 averaging about $2.57 per ton of beets. For producers of sugarcane within the various domestic producing areas, the payment on these crops ranged from about 80 cents to $1.76 per ton of cane. These average payments include the amounts paid in connection with acreage abandonment and crop deficiencies.

The total outlay of the Government through these payments is more than offset by collections under a special tax of 50 cents per hundredweight of sugar, raw value, imposed on all sugar processed in the United States and all sugar imported for direct consumption. The annual sugar tax collections usually exceed total conditional payments for a crop year by 15 to 20 million dollars.

The conditional payment program is administered in the field through State and county Agricultural Stabilization and Conservation committees.

PARITY

One farmer has defined the parity price this way: "If you can sell a truckload of wheat and buy with the money as much food, clothing, building materials, farm machinery, fertilizer, and the like as you could in the 5 years, 1910–14, your wheat is selling at the parity price." That farmer has a good understanding of the parity principle and his definition, as far as it goes, is accurate.

Parity prices are the dollars-and-cents prices that give to farm commodities the same buying or purchasing power the commodities had in a selected base period when prices received and paid by farmers were considered to be in good balance. This purchasing power is measured in terms of (1) prices of commodities and services that farmers buy, (2) interest on farm indebtedness secured by farm real estate, (3) taxes on farm real estate, and (4), except for commodities still on the "old" or "transitional" parity bases, cash wage rates paid to hired farm labor.

Parity prices are calculated in terms of prices received by farmers in the local markets in which they ordinarily sell. Therefore, parity prices apply to the average of all classes and grades of the commodity as sold by all farmers in the United States, except in the case of a few commodities. For fruits and vegetables, those sold for fresh use and those sold for processing are usually considered as separate commod-

ities, and parity prices for fresh and processing categories are calculated for many of these crops.

Where necessary in connection with a particular program, average or normal differentials for different varieties, classes, or grades of a commodity and average or normal spreads between different markets, methods of sale, or locations are calculated and applied to the national average support level or to the parity price. Differentials may also be established for seasonal differences, especially where there is a reasonably regular and well-defined seasonal movement. Such spreads or differentials, of course, need adjusting or recalculating from from time to time because of changes in methods of processing, in marketing and transportation costs, and in the distribution of supplies relative to demand.

"NEW," "OLD," AND "TRANSITIONAL" PARITY

Parity prices are computed in accordance with provisions of the Agricultural Adjustment Act of 1938, as amended by the Agricultural Acts of 1948, 1949, and 1954. Under this legislation a modernized or "new" parity formula is provided. With this new formula, the "parity price" for any agricultural commodity as of any date is determined by multiplying the "adjusted base price" of the commodity by the parity index of such date. The "adjusted base price" for a commodity is computed by dividing the average price during the 10-year period immediately preceding the date of computation by the average of the index of prices received for the same period. Thus, the modernized parity formula not only retains the 1910–14 base as the standard for equality between prices received for farm products on the one hand and prices paid by farmers for goods and services on the other, but it also establishes relationships among parity prices of farm products that reflect average price relationships during the immediately preceding 10-year period.

To prevent a sharp drop in the parity prices for basic commodities when computations are shifted from the "old" to the "new" formula, the legislation provides that through 1955 the parity prices for basic commodities shall not be less than the parity price computed by the procedure used prior to January 1, 1950. In order to cushion any reductions thereafter, the law provides that the parity price for basic commodities shall not be less than 95 percent of the "old formula" parity during 1956, 90 percent during 1957, 85 percent during 1958, and so on until all these basic commodities have shifted to the new formula.

A similar cushioning effect for nonbasic commodities prevents the parity price from being less than the "transitional" parity price. The transitional parity price in 1955 is 70 percent of prices as computed by the "old" formula and will decrease at 5 percent per year until prices of all commodities have completed their transition to the "new" formula.

To summarize, the "effective parity price" is as follows:

For basic commodities:

(Through 1955): The higher of (1) the parity price computed by the "old" formula or (2) the parity price computed by the "new" formula.

(After 1955): The higher of (1) the parity price computed by the "new" formula or (2) the "transitional" parity price.

For nonbasic commodities:

(In 1955 and subsequent years): The "transitional" parity price, until such time as the parity price computed by the "new" formula is higher than the "transitional" parity price.

COMPUTING PRICES WITH THE "NEW" FORMULA

The actual method of computation under the "new" formula is as follows:

1. The average of prices received by farmers for individual commodities for the 10 preceding years is calculated (for 1955 this is the 1945–54 average). Wartime subsidy payments are included for those commodities concerned; that is, milk, butterfat, beef cattle, sheep, and lambs.
2. This 10-year average is divided by the average of the index of prices received by farmers for the same 10 preceding calendar years, to give an "adjusted base price." Wartime subsidy payments for those commodities on which such payments were made are included in the index of prices received.
3. Parity prices are computed by multiplying the "adjusted base period" prices by the current parity index (the index of prices paid by farmers, including interest, taxes, and wage rates, on the basis of 1910–14=100).

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COMPUTING PRICES WITH THE "OLD" FORMULA

Before the "effective parity price" can be determined for the basic commodities, and for nonbasic commodities on transitional parity, it is necessary to compute their parity prices according to the "old" formula; that is, in the same manner as before January 1, 1950, as follows:

1. For commodities for which the base period price is computed from prices within the 1910–14 period, the base period price is multiplied by the index of prices paid by farmers, including interest and taxes, as computed prior to January 1950.
2. For most other commodities all or part of the August 1919–July 1929 period is used as a base because satisfactory price data are not available for the 1909–14 period, and for such commodities the index of prices paid by farmers excluding interest and taxes is used.

COMPUTING TRANSITIONAL PARITY

The computation of the transitional parity price for sorghum grain as of July 15, 1954, illustrates the method used:

The 120-month, January 1944–December 1953, average of prices received by farmers for sorghum grain was $2.31 per hundredweight. The average of the index of prices received by farmers for the same period was 256. Dividing $2.31 by 256 gives $0.902 per hundredweight, the adjusted base price. Multiplying this adjusted base price by 280, the parity index for July 15, 1954, gives the indicated parity price of $2.53 per hundredweight as computed by the new formula.

Inasmuch as sorghum grain was still on the transitional basis in June 1954, it was also necessary to compute the transitional parity for July 15, 1954. As noted previously the transitional parity during 1954 is 75 percent of the parity price computed by the old formula.

The parity price according to the old formula is calculated by multiplying the average price received by farmers for sorghums for grain for the 60 months, August 1909–July 1914, which was $1.21 per hundredweight, by the July 15, 1954, unrevised index of prices paid, including interest and taxes, which is 283 percent. This gives an indicated parity price of $3.42 per hundredweight under the old formula. Multiplying by 75 percent gives $2.56, the transitional parity price. Since this is higher than the indicated parity price under the new formula, which is $2.53 per hundredweight, the transitional parity price is the effective parity price for July 15, 1954.

Of the basic commodities, effective parity prices as of July 1954 for upland cotton, wheat, corn, peanuts, and several types of tobacco were on the old formula, whereas the effective parity prices for most nonbasic commodities had shifted to the new formula. The indicated parity prices as of July 15, 1954, computed by both the old and the new formulas, the transitional parity prices, if computed, and the effective parity prices are shown in table 4 for the basic commodities and for nonbasic commodities that are still on the transitional basis.

TABLE 4.—*Indicated parity prices, "old," "transitional," and "new" for basic commodities and for nonbasic commodities for which the effective parity price is the transitional parity price, United States, July 15, 1954*

Commodity	Unit	Old formula	Transitional parity price (Col. 1×75 %)	New formula	Effective parity price July 15, 1954
Basic commodities:					
Cotton—		*Dollars*	*Dollars*	*Dollars*	*Dollars*
American upland	Lb	0. 3509		0. 3329	0. 3509
Extra long staple	Lb			. 720	. 720
Wheat	Bu	2. 50		2. 11	2. 50
Rice	Cwt	5. 12		5. 43	5. 43
Corn	Bu	1. 82		1. 60	1. 82
Peanuts	Lb	. 136		. 108	. 136
Tobacco—					
Flue-cured, types 11–14	Lb	. 529		. 526	. 529
Fire-cured, types 21–24	Lb	. 246		. 344	. 344
Burley, type 31	Lb	. 513		. 510	. 513
Maryland, type 32	Lb	. 531		. 535	. 535
Dark air-cured, types 35–36	Lb	. 197		. 291	. 291
Sun-cured, type 37	Lb	. 264		. 342	. 342
Pa. seedleaf, type 41	Lb	. 255		. 294	. 294
Cigar filler and binder, types 42–44, 51–55	Lb	. 366		. 428	. 428
Puerto Rican filler, type 46	Lb	. 366		. 314	. 366

TABLE 4.—*Indicated parity prices, "old," "transitional," and "new" for basic commodities and for nonbasic commodities for which the effective parity price is the transitional parity price, United States, July 15, 1954*—Continued

Commodity	Unit	Old formula	Transitional parity price (Col. 1×75 %)	New formula	Effective parity price July 15, 1954
		Dollars	*Dollars*	*Dollars*	*Dollars*
Nonbasic commodities:					
Buckwheat	Bu	2. 07	1. 55	1. 43	1. 55
Hay, all baled	Ton	33. 60	25. 20	23. 70	25. 20
Sorghum, grain	Cwt	3. 42	2. 56	2. 53	2. 56
Grapefruit	Box	2. 26	1. 70	. 972	1. 70
Lemons	Box	3. 66	2. 74	2. 63	2. 74
Oranges	Box	4. 14	3. 10	1. 75	3. 10
Avocados	Ton	993. 00	745. 00	358. 00	745. 00
Dates	Ton	576. 00	432. 00	216. 00	432. 00
Sweetclover seed	Cwt	16. 60	12. 40	12. 00	12. 40
Filberts	Ton	658. 00	494. 00	389. 00	494. 00
Pecans	Ton	749. 00	562. 00	479. 00	562. 00
Walnuts	Ton	768. 00	576. 00	468. 00	576. 00
Cauliflower	Crate	2. 12	1. 59	1. 46	1. 59
Peas, green	Bu	3. 44	2. 58	2. 39	2. 58

PRICES RECEIVED, PRICES PAID, AND THE PARITY RATIO

INDEX OF PRICES RECEIVED BY FARMERS

In its monthly report, Agricultural Prices, the Department of Agriculture publishes the index of prices received by farmers. This index combines into one figure a measure of change in prices of the major agricultural commodities for which the Department collects local market price information.

The index of prices received has a number of uses. It permits month-to-month and year-to-year comparisons of the average change in the level of prices received by farmers. It has an important part in the computation of "new" parity prices with the new parity formula. It also is used in computing the parity ratio.

The base period of the index of prices received is the 60-month period, January 1910–December 1914, prescribed by law.

Current prices used in the computation of the index are collected primarily by use of mail questionnaires received from about 10,000 country merchants, dealers in farm produce at local shipping points, operators of country mills and elevators, managers of local creameries and milk-receiving stations, managers of cooperative marketing organizations, rural bankers, and well-informed farmers. Prices reported relate to first sales by farmers.

Data on prices received for 49 major agricultural commodities are included in the computation of the index. Prices of individual commodities are combined into commodity group indexes of prices received, using weights based on their relative importance. For the period since 1935, this relative importance was determined from

information on the quantity of each commodity sold by farmers during the 5-year period 1937–41. For years prior to 1935, weights were based on sales during 1924–29.

The various commodity group indexes are combined into the overall index of prices received, using weights based on the relative importance of the groups in terms of cash income. These weights are percentages based on average cash receipts of farmers for these same periods. The various commodity groups, the commodities that make up the groups, and the relative importance of each commodity and each group during the weight base periods are shown in table 5.

TABLE 5.—*Index of prices received by farmers: Relative importance of commodities during weight base periods, 1924–29 and 1937–41*

Commodity and group	Relative importance in index	
	1924–29 average	1937–41 average
	Percent	*Percent*
Wheat	8. 2	6. 4
Rye	. 3	. 1
Rice	. 4	. 5
Food grains	8. 9	7. 0
Corn	4. 2	4. 0
Oats	1. 3	. 8
Barley	. 5	. 6
Grain sorghums	----------	. 2
All hay	1. 5	1. 1
Feed grains and hay	7. 5	6. 7
American upland	----------	8. 2
American Egyptian	----------	. 1
Cotton	13. 9	8. 3
Tobacco	2. 6	3. 7
Cottonseed	1. 6	1. 5
Peanuts	. 3	. 5
Flaxseed	. 4	. 4
Soybeans	----------	. 7
Oil bearing crops	2. 3	3. 1
Apples	2. 0	1. 4
Grapes	. 7	----------
Grapefruit	. 2	. 5
Lemons	. 2	. 4
Oranges	1. 4	1. 6
Peaches	. 7	. 7
Pears	. 3	. 2
Strawberries	. 5	1. 0
Fruit	6. 0	5. 8

TABLE 5.—*Index of prices received by farmers: Relative importance of commodities during weight base periods, 1924–29 and 1937–41*—Continued

Commodity and group	Relative importance in index	
	1924–29 average	1937–41 average
	Percent	*Percent*
Beans, snap	0. 3	0. 4
Broccoli	----------	. 1
Cabbage	. 4	. 3
Cantaloups	----------	. 3
Carrots	. 1	. 2
Cauliflower	. 1	. 1
Celery	. 4	. 4
Cucumbers	----------	. 2
Lettuce	. 5	. 6
Onions	. 5	. 4
Peas, green	. 2	----------
Peppers, green	. 1	. 2
Sweet corn	----------	. 3
Spinach	. 1	. 1
Tomatoes	. 8	1. 0
Watermelons	----------	. 2
Commercial vegetables for fresh market	3. 5	4. 8
Beans, dry edible	. 5	. 6
Potatoes	2. 5	1. 9
Sweetpotatoes	. 3	. 3
Potatoes, sweetpotatoes, and dry edible beans	3. 3	2. 8
All crops	48. 0	42. 2
Beef cattle	11. 1	13. 6
Calves	1. 5	1. 9
Hogs	11. 6	10. 9
Sheep	. 2	. 3
Lambs	1. 7	1. 9
Meat animals	26. 1	28. 6
Milk, wholesale	6. 5	9. 8
Milk, retail	3. 1	3. 5
Butterfat in cream	5. 5	4. 4
Dairy products	15. 1	17. 7
Eggs	6. 9	6. 2
Chickens	3. 0	3. 2
Turkeys	----------	. 8
Poultry and eggs	9. 9	10. 2
Wool	. 9	1. 3
Livestock and livestock products	52. 0	57. 8
All farm products	100. 0	100. 0

INDEX OF PRICES PAID BY FARMERS, INCLUDING INTEREST, TAXES, AND WAGE RATES (THE "PARITY INDEX")

The index of prices paid by farmers, including interest, taxes, and wage rates—frequently called the "parity index"—is a yardstick which measures average changes in the prices of the things for which farmers pay out money. Like the index of prices received, the parity index is a valuable tool for measuring month-to-month and year-to-year changes, for computing the parity price of individual commodities, and for computing the parity ratio. Also, like the index of prices received, the base period of the parity index is the 60-month period, January 1910–December 1914—a period selected because of freedom from major economic disturbances; relative prosperity of agricultural industries; and balance between prices received and prices paid by farmers.

The parity index is computed from prices of 344 commodities and services, classified into the following five groups or component parts:

1. Prices paid for commodities used in family living.
2. Prices paid for commodities used in farm production.
3. Interest on farm real estate indebtedness.
4. Taxes on farm real estate.
5. Cash wage rates paid hired labor.

The relative importance of each of these groups in the total index of prices paid during the base period, the items included, and the source of the data are discussed in detail in the following sections.

Commodities Used In Family Living

"Commodities used in family living" is the largest of the five major groups in the parity index. The items in this group represented about 44 percent of farmers' total expenditures for commodities and services in the 1937–41 period, and thus have this weight in the revised index of prices paid by farmers beginning in 1935.

Prices of commodities used in computing this index are obtained mainly from mail questionnaires filled out voluntarily by several thousand merchants in small cities, towns, and rural communities. Most of these reports are obtained quarterly. The quarterly prices are supplemented by monthly prices from a smaller group of merchants. A few prices are obtained on an annual or semiannual basis and some are from sources other than mail questionnaires. Thus, prices paid for local newspapers are based on information on subscription rates of a large group of weekly and daily papers. Rates paid for electricity and telephone service are rates reported by farmers in a special survey made annually.

Currently the index includes 192 commodities, classified into 6 commodity groups: Food (including tobacco), clothing, autos and auto supplies, household operations, household furnishings, and building materials for the house.

The following commodities are included in the index:

Food and tobacco.—Sugar, table sirup, candy, white bread, flour, baking powder, corn meal, rolled oats, soda crackers, macaroni, corn flakes, wheat flakes, rice, round steak, hamburger, sliced bacon, whole ham, pork chops, pork sausage, salt pork, bologna, canned salmon, butter, American cheese, evaporated milk, fluid milk, eggs, potatoes, dry beans, cabbage, lettuce, fresh tomatoes, canned corn,

canned peas, apples, bananas, lemons, oranges, grapefruit, lard, vegetable shortening, salad dressing, peanut butter, margarine, coffee, tea, cigarettes, and smoking tobacco.

Men's clothing.—Overalls, cotton work shirts, undershirts, shorts, heavy cotton union suits, canvas gloves, cotton socks, cotton trousers, broadcloth shirts, wool jackets, wool suits, wool trousers, overcoats, felt hats, leather jackets, work shoes, knee-length rubber boots, dress shoes, overshoes with buckles, overshoes without buckles.

Boys' clothing.—Overalls, wool suits, wool sweaters, shoes.

Women's clothing.—Percale house dresses, cotton street dresses, cotton nightgowns, cotton hose, lightweight coats, fur trim coats, no-fur coats, wool sweaters, felt hats, rayon dresses, panties, rayon slips, nylon hose, straw hats, shoes.

Girls' clothing.—Wash dresses, heavy coats, shoes.

Yard goods.—Percale, gingham.

Household operations.—Prepared sizes of soft coal, run-of-mine soft coal, hard coal, kerosene, gasoline, wood, electricity, telephone, newspapers, laundry starch, soap flakes, toilet soap.

Autos and auto supplies.—Gasoline, motor oil, tires, inner tubes, 15-plate batteries, 17-plate batteries, spark plugs, tire chains, Ford sedans, Mainline; Ford sedans, Customline; Chevrolet sedans, 150 series; Chevrolet sedans, 210 series; Plymouth, Plaza club sedans; Plymouth, Savoy club coupes; Buick sedans, Special.

Household furnishings.—Floor lamps, table model radios, radio-phonographs, refrigerators, wringer-type washing machines, automatic washing machine,, electric sewing machines, vacuum cleaners, irons, electric stoves, gas stoves, wood or coal stoves, kerosene stoves, kitchen cabinets, dinner plates, water glasses, brooms, fruit jars, innerspring mattresses, all-felted cotton mattresses, bedsprings, bedsteads, bedroom suites, living-room suites, occasional chairs, dining-room suites, axminister rugs, felt-base rugs, sheets, wool blankets, cotton blankets, comforters, bath towels, cotton toweling, unbleached muslin, kitchen curtains.

Building materials for the house.—Framing lumber (4 items), rough boards (2 items), dressed boards (2 items), shiplap (3 items), drop-siding (4 items), bevel-siding (4 items), wood shingles, yellow pine flooring (2 items), fir flooring (2 items), doors (2 items), house windows, nails, galvanized screen wire, galvanized roofing, insulating boards, gypsum board, asphalt shingles, portland cement, concrete blocks, common brick, house paint, and linseed oil.

Commodities Used in Production

"Commodities used in production" is the second largest of the five major groups included in the parity index. The items included in this group of producers' goods represent about 41 percent of farmers' total expenditures for commodities and services during the 1937–41 period.

Prices of commodities used in computing this index, except for stocker and feeder livestock and electricity, are obtained primarily from mail questionnaires, returned voluntarily by several thousand merchants in rural communities. Most price information is obtained on a quarterly basis. Some items, such as feed and livestock, are collected on a monthly basis and some others are on an annual or semi-annual basis.

Currently, the index includes 193 commodities classified into 9 commodity groups as follows: Feed, livestock, motor supplies, motor vehicles, farm machinery, building and fencing materials, fertilizer and lime, equipment and supplies, and seeds. Individual commodities included in the groups are as follows:

Feed.—Alfalfa hay, other hay, corn, oats, barley, wheat, cottonseed meal, soybean meal, meat scrap, tankage, bran, middlings, mill run, corn meal, corn gluten, hominy feed, scratch grain, laying mash, chick starter mash, broiler growing mash, under 29 percent protein mixed dairy feed, over 29 percent protein mixed dairy feed, stock salt.

Livestock.—Stocker and feeder cattle and calves, stocker and feeder lambs, stocker and feeder hogs, dairy cattle, baby chicks, turkey poults.

Motor vehicles.—(Automobiles) Ford sedans, Mainline; Ford sedans, Customline; Chevrolet sedans, 150 series; Chevrolet sedans, 210 series; Plymouth, Plaza club sedans; Plymouth, Savoy club coupes; Buick sedans, Special. (Trucks) 1½-ton Ford, 1½-ton Chevrolet, International pick-up. (Tractors) Under 20 belt horsepower wheel, 20–29 belt horsepower wheel, 30–39 belt horsepower wheel; under 20 drawbar horsepower crawlers, 20–34.9 drawbar horsepower crawlers, 35–49.9 drawbar horsepower crawlers.

Equipment and supplies.—(Motor supplies) Gasoline for automobiles and trucks, gasoline for tractors, kerosene, distillate, motor oil, grease, automobile tires, inner tubes, truck tires, tire chains, 15-plate batteries, 17-plate batteries, spark plugs. (Farm supplies) Axes, hammers, 3-tine pitchforks, 4-tine pitchforks, hoes, scythes, hand sprayers, milk cans, milk pails, oil-burning brooders, electric brooders, manila rope, binder twine, round-stave bushel baskets, leather horse collars, lead arsenate, paris green, calcium arsenate, electricity.

Farm machinery.—One-bottom tractor plows; two-bottom tractor plows; three-bottom tractor plows; single disk harrows; tandem disk harrows; spiketooth harrow sections; two-row tractor cultivators; manure spreaders; two-row corn planters; 12-tube grain drills; 20-tube grain drills; 5-foot mowers; tractor mowers; side-delivery hay rakes; hay loaders; 12-foot cut combines with auxiliary engine; 12-foot self-propelled combines; 5–6 foot cut combines with power take-off; corn picker-huskers; row-crop forage harvesters; hammer mills; single milker units; vacuum pumps for milking machines; under 550-pound capacity cream separators; 551–850 pound capacity cream separators; farm wagons; field and row-crop power sprayers; gas engines; electric motors.

Fertilizer.—(Mixed fertilizer) 0–14–7; 0–14–14; 2–12–6; 2–12–12; 3–9–6; 3–9–9; 3–12–6; 3–12–12; 4–6–8; 4–7–5; 4–8–6; 4–8–8; 4–10–6; 4–10–7; 4–12–4; 4–12–8; 4–24–12; 5–10–5; 5–10–10; 6–8–4; 6–8–6; 6–8–8; 10–20–0; ammonium nitrate; nitrate of soda ammonium sulphate; superphosphates—18 percent P_2O_5; 20 percent P_2O_5; 45 percent P_2O_5; muriate of potash; agricultural limestone.

Building and fencing materials.—Framing lumber (4 items), rough boards (2 items), dressed boards (2 items), shiplap (3 items), drop siding (4 items), wood shingles, barn windows, nails, house paint, linseed oil, portland cement, common brick, composition roofing, galvanized roofing, asphalt shingles, 2-point barbed wire, 4-point barbed wire, poultry netting, wood posts, steel posts, farm gates, woven wire, windmills, galvanized iron pipe.

Seed.—Potatoes, soybeans, cowpeas, hybrid corn, open-pollinated corn, oats, barley, wheat, rye, common alfalfa, certified Grimm alfalfa, other improved varieties of alfalfa, red clover, sweetclover, alsike clover, Korean lespedeza, timothy, Kentucky bluegrass, common ryegrass, Sudan grass, Austrian winter peas, hairy vetch.

Interest on farm indebtedness.—The index of interest on farm indebtedness measures interest charges due and payable during the calendar year on farm indebtedness secured by farm real estate. The data do not allow for defaults in payments or payments made on interest charges due in previous years.

Interest represented about 3 percent of farm operators' total expenditures for living and production in 1937–41.

The interest series is based on estimates of interest charges on a per acre basis developed once a year from data on interest rates on farm mortgage loans. These estimates are based on information obtained from lending agencies, special surveys, and the Bureau of the Census. The same figure is used throughout the calendar year, except for revisions of preliminary estimates.

Taxes on farm real estate.—The index of taxes on farm real estate measures all general and special ad valorem taxes levied against farm real estate on a per acre basis. The data exclude as much as possible, however, special assessments based on benefits received rather than on property valuation. The tax figure used is based on taxes assesssed in the year previous, inasmuch as taxes ordinarily are paid in the year following that in which they were levied.

Taxes on farm real estate represented about 3.8 percent of total farm expenditures in the period 1937–41.

Tax figures are developed from data obtained from special annual surveys and the Bureau of the Census. The same figures are used throughout the calendar year, except for revisions made in preliminary estimates.

Cash wage rates paid hired labor.—The index of cash wage rates paid hired labor measures the average cash wage rates being paid to hired farm workers by farmers.

Expenditures for wages represented about 8 percent of total farm expenditures in the 1937–41 period.

Wage rate information is developed quarterly by the Agricultural Marketing Service on the basis of mail surveys to farmers. In these surveys, nine different categories of wage rates are collected currently. The several rates are combined into an hourly composite wage rate by the following process: (1) Nonhourly rates are converted to equivalent hourly rates; (2) hourly equivalent rates and the hourly rates are weighted by the percentage of all workers estimated to have been employed at each rate. The percentage of workers hired at each rate is obtained from interview survey data. The resulting index is then seasonally adjusted.

Weights Used in Computing the Parity Index

For the period 1910 through March 1935, indexes for the several commodity groups were constructed by weighting prices of individual commodities by the average quantities estimated to have been purchased per farm during the period 1924–29. Since March 1935, prices of individual commodities have been weighted by average quantities estimated to have been purchased per farm during the period 1937–41.

The commodity group indexes have been combined into an index representing commodities and services used in both living and production, together with interest, taxes, and wage rates paid hired labor, by weighting the several group indexes in proportion to the percentage of total expenditures represented by the commodities and services in the corresponding groups in the respective weight periods. The several indexes have been linked together as of March 1935, with 1910–14 chosen as the reference point for comparison. In other words, the average of prices in 1910–14 is taken as 100.

The weights for combining the group indexes are shown in table 6.

TABLE 6.—*Percentage weights used in computing the parity index, by commodity groups, 1924–29 and 1937–41*

Commodity group	1924–29	1937–41
	Percent	*Percent*
Commodities and services used in living	41. 2	44. 0
Food (including tobacco)	14. 8	16. 7
Clothing	12. 5	8. 6
Autos and auto supplies	4. 5	6. 9
Household operations	3. 9	5. 9
Household furnishings	2. 4	4. 0
Building materials, house	3. 1	1. 9
Commodities and services used in production	36. 4	41. 2
Feed	10. 1	10. 2
Livestock	4. 4	5. 3
Motor supplies	3. 9	5. 2
Motor vehicles	3. 9	5. 2
Farm machinery	3. 4	4. 5
Building and fencing materials	3. 7	2. 7
Fertilizer and lime	2. 7	3. 1
Equipment and supplies	3. 3	3. 3
Seeds	1. 0	1. 7
Total commodities (living and production groups)	77. 6	85. 2
Taxes	5. 7	3. 8
Interest	6. 5	3. 0
Total commodities, interest, and taxes	89. 8	92. 0
Cash wage rates	10. 2	8. 0
Total commodities, interest, taxes, and wage rates	100. 0	100. 0

OLD INDEX OF PRICES PAID BY FARMERS INCLUDING INTEREST AND TAXES

Since January 1, 1950, two indexes of prices paid have been in use. A revised index—index of prices paid by farmers, including interest, taxes, and wage rates paid to hired labor—is used in computing "new parity prices" and the overall parity ratio. An old index (computed in the same manner as the series of index numbers of prices paid in use prior to January 1, 1950, as required by H. Rept. 1459, 81st Cong., 1st sess.) is used for computing parity prices under the old formula and for making transitional parity calculations. Both indexes, with the base period 1910–14, are published monthly in Agricultural Prices.

PARITY RATIO

The index of prices received by farmers is a measure of changes in the price level of all agricultural commodities. Similarly, the index of prices paid by farmers, including interest, taxes, and wage rates (the parity index), is a measure of changes in prices of commodities and services bought by farmers for living and production purposes. Still another measure—a measure of relative prices—is provided by expressing the index of prices received as a percentage of the parity index. This measure is called the "parity ratio."

If the index of prices received is higher than the parity index, the parity ratio is above 100; that is, prices of agricultural products are higher, relative to prices of goods and services bought by farmers, than in 1910–14. Conversely, when the index of prices received is below the parity index, the parity ratio is below 100, which is another way of saying that prices of agricultural products are generally lower, relative to prices of goods and services bought by farmers, than in 1910–14.

Table 7 shows the relationship between the two indexes. It will be noted that the index of prices received, the parity index, and the parity ratio average 100 for the 1910–14 base period. The relationship between the two indexes, shown by the parity ratio, reflects the high prices during World War I, the sharp drop from 1920 to 1921, the severe economic depression of the early 1930's, and the relatively high prices of the 1940's.

TABLE 7.—*Index numbers of prices paid by farmers, including interest, taxes, and wage rates (the parity index), and index numbers of prices received by farmers and the parity ratio, United States, 1910–53*

(1910–14=100)

Year	Index of— Prices paid, including interest, taxes, and wage rates (the parity index)	Index of— Prices received by farmers [1]	Parity ratio [2]	Year	Index of— Prices paid, including interest, taxes, and wage rates (the parity index)	Index of— Prices received by farmers [1]	Parity ratio [2]
1910	97	104	107	1932	112	65	58
1911	98	94	96	1933	109	70	64
1912	101	99	98	1934	120	90	75
1913	101	102	101	1935	124	100	88
1914	103	101	98	1936	124	114	92
1915	105	99	94	1937	131	122	93
1916	116	119	103	1938	124	97	78
1917	148	178	120	1939	123	95	77
1918	173	206	119	1940	124	100	81
1919	197	217	110	1941	133	124	93
1920	214	211	99	1942	152	159	105
1921	155	124	80	1943	171	193	113
1922	151	131	87	1944	182	197	108
1923	159	142	89	1945	190	207	109
1924	160	143	89	1946	208	236	113
1925	164	156	95	1947	240	276	115
1926	160	145	91	1948	260	287	110
1927	159	140	88	1949	251	250	100
1928	162	148	91	1950	256	258	101
1929	160	148	92	1951	282	302	107
1930	151	125	83	1952	287	288	100
1931	130	87	67	1953	279	258	92

[1] Including subsidy payments October 1943 to June 1946.

[2] Ratio of index of prices received to index of prices paid, including interest, taxes, and wage rates. This ratio is not necessarily identical to a weighted per-cent of parity for all farm products largely because parity prices for some products are on a "new" basis, others on the "old," and still others on the "transitional."

THE NATIONAL SCHOOL LUNCH PROGRAM

The National School Lunch Act declares it to be the policy of Congress, as a measure of national security—

to safeguard the health and well-being of the Nation's children and to encourage the domestic consumption of nutritious agricultural commodities and other food, by assisting the States, through grants-in-aid and other means, in providing an adequate supply of foods and other facilities for the establishment, maintenance, operation, and expansion of nonprofit school lunch programs.

Before receiving any Federal grant-in-aid funds, each State must enter into an agreement with the Department of Agriculture, the agreement containing the minimum requirements of eligibility for Federal assistance and the terms and conditions under which such assistance will be granted. The agreement provides, among other things, for meeting minimum nutritional requirements laid down by the Department of Agriculture and for operating on a nonprofit basis. Lunches must be served free of charge or at reduced prices to children who are unable to pay the full cost of the lunch. Each year, each State must submit a plan of operation, for the approval of the Department, presenting in detail the manner in which the program is to be conducted during the ensuing school year.

Through fiscal 1955, States must provide one and one-half dollars for each dollar of Federal funds, and thereafter each Federal dollar must be matched with $3 of funds from sources within the States.

The National School Lunch Act authorizes appropriations for both food and nonfood assistance. Thus far, however, funds for nonfood assistance have been appropriated in only one year—the fiscal year 1947. Nonfood assistance is defined as equipment used in storing, preparing, or serving food for school children.

Section 6 of the National School Lunch Act provides that part of the appropriation available may be used by the Department to purchase food for direct distribution to States and schools in accordance with need. This distribution is in addition to foods received under section 32 or under section 416 of the Agricultural Act of 1949.

Section 9 of the National School Lunch Act provides that each school shall, insofar as practicable, utilize in its lunch program commodities designated by the Department of Agriculture as being in abundance, either nationally or in the school area. In addition, the act provides that commodities purchased by the Department of Agriculture under section 32 operations may be distributed to schools in accordance with needs as determined by local school authorities—and schools carrying on nonprofit lunch operations, but not participating in the national school lunch program, also are eligible to receive surplus foods acquired under section 32 programs.

Section 416 of the Agricultural Act of 1949, as amended, provides that food commodities acquired through price-support operations, which cannot be disposed of in normal domestic channels without impairment of the price-support program or sold abroad at competitive world prices, may be donated by the Commodity Credit Corporation to school lunch programs.

QUESTIONS AND ANSWERS

Q. What type of Federal assistance may be provided under the National School Lunch Act?

A. Three types: (1) Cash reimbursement for a part of the school's food expenditures; (2) funds to assist in the purchase of equipment for preparing and serving lunches; and (3) foods, either purchased by the Department specifically for use in school lunch programs (under section 6 of the National School Lunch Act) or those made available under section 32 programs.

Q. What was the total value of foods purchased locally by participating schools during the fiscal year 1954?

A. Local purchases of food by participating schools totaled approximately $275,000,000—exclusive of foods donated by local groups or furnished by the Department.

Q. What foods do schools buy?

A. Schools buy a wide variety of food items, including milk and other dairy products, meat, poultry, eggs, fruits and vegetables, fats and oils, cereals, and sugar, in order to serve nutritious, balanced meals. Under the provisions of the National School Lunch Act, schools are required to spend, insofar as practicable, a part of their food funds for food commodities that are in abundant supply. Each month the Department of Agriculture provides a list of these abundant foods to State agencies administering the program. They, in turn, transmit this information to all participating schools.

Q. What was the value of commodities furnished by the Department during the fiscal year 1954?

A. Approximately $14,800,000 of Federal funds were used, under authority of section 6 of the National School Lunch Act, to purchase foods for use by schools participating in the national school lunch program. In addition, some of the commodities acquired with section 32 funds were furnished for use by all schools serving lunches on a nonprofit basis, including schools participating in the national school lunch program at a cost to the Government of approximately $94,200,000.

Q. What is the prime consideration in the purchase of foods under section 6?

A. The purchase of foods that will most economically help schools to meet nutritional requirements established by the Department.

Q. What foods were purchased under section 6 in the fiscal year 1954?

A. Dried apricots, concentrated orange juice, canned peas, dry beans, peanut butter, canned tomatoes, canned tomato paste, canned peaches, and canned grapefruit sections.

Q. How are these foods purchased?

A. On a competitive offer basis.

Q. What was the scope of the national school lunch program during the fiscal year 1954?

A. Approximately 56,000 schools throughout the United States and its Territories served lunches to approximately 10,100,000 children during the peak month, November 1953.

Q. What was the estimated total cost of the national school lunch program during the fiscal year 1954?

A. The Federal appropriation amounted to $83,365,000 for the 1954 fiscal year. In addition, section 32 foods costing approximately $94,200,000 were channeled to all schools serving lunches on a nonprofit basis.

It is estimated that contributions from non-Federal sources—cash (including appropriations, donations, and payments by children), the value of donated foods, and the value of donated services—totaled $405,000,000.

THE SUPPLY PROGRAM

With the passage of the Lend-Lease Act in March 1941, the Department of Agriculture was given the emergency assignment of procuring large quantities of food and other agricultural commodities for the British Government. After Pearl Harbor, operations were expanded to include procurement for the Armed Forces, the Allies, and, to some extent, civilians of the United States. In 1945 the volume of procurement reached the high total of $2,618,000,000, or an average of more than $7,000,000 per day. Volume continued high through 1949, when supply program purchases totaled $1,069,000,000. Since 1949, however, the rate of purchasing has decreased sharply, purchases in the fiscal year 1954 totaling only $40,000,000.

In the main, procurement operations of CCC under its supply program fall into three general categories: (1) Procurement for other Government agencies, principally the Foreign Operations Administration and the Department of the Army; (2) some procurement for foreign governments; and (3) procurement for international relief organizations, such as the International Children's Emergency Fund and the Red Cross.

The supply program, of course, is not a price program of the Department of Agriculture. The fundamental purpose of the program is to meet requirements from abroad for food and other agricultural commodities, not to support or enhance prices. This was demonstrated in 1946 and again in 1947, when, with prices received by farmers for most commodities holding well above the parity level, the United States followed the policy of exporting a heavy volume of food to Europe and Asia to relieve hunger.

Nevertheless, the purchase of large quantities of agricultural commodities does affect prices, just as operations under price programs affect prices. Consequently, the supply program must be closely coordinated at all times with price programs. This coordination may mean, for example, temporary postponement of supply-program purchases when prices are unduly high—or it may mean the channeling of commodities acquired under price programs into supply-program use.

CCC carries on all its supply operations on a "cash and carry" basis. When CCC buys on behalf of foreign governments, those governments deposit funds in advance to assure payment. When CCC buys for the Foreign Operations Administration, or the Department of the Army, those agencies reimburse CCC. Thus, CCC sustains no net losses on its supply program as a whole. As a matter of fact, records of CCC show that between June 30, 1941, and July 1, 1954, CCC made a gain of about $307,000,000 on supply operations.

CONSUMER SUBSIDY PROGRAMS

CCC SUBSIDIES

During World War II, and for some time after, the Commodity Credit Corporation made payments on farm commodities or purchased

farm commodities for resale at a loss principally to maintain price ceilings established by the Office of Price Administration. These programs enabled the Federal Government to obtain for farmers directly or indirectly the additional returns necessary for a high level of production, without increasing ceiling prices to consumers. The last of these programs, called consumer subsidy programs, came to an end on October 31, 1947, when price ceilings on sugar were terminated. (See table 8.)

TABLE 8.—*Amount and nature of consumer subsidy payments by the Commodity Credit Corporation under programs carried on between July 1, 1941, and Oct. 31, 1947*

Commodity	Cost	Nature of subsidy
Milk and dairy products:	*Dollars*	
Dairy production	1, 204, 603, 852	Direct payments to producers of milk and butterfat to compensate for increased costs of feed and farm labor and to maintain OPA ceiling prices.
Cheddar cheese	67, 624, 732	Payments to manufacturers to support OPA ceiling prices and increase production; manufacturer made pro rata distribution to milk producers.
Fluid milk	38, 126, 039	Payments to milk handlers in milk shortage areas in compensation for increased prices paid producers and so to maintain OPA ceiling price.
Total milk and dairy products.	1, 310, 354, 623	
Grain and pulses:		
Wheat—		
For feed	238, 424, 468	Sale of CCC-owned wheat at parity price for corn for use as feed.
For alcohol	22, 700, 000	Sale of surplus wheat at parity price for corn to relieve industrial alcohol shortage.
Total wheat	261, 124, 468	
Beans, dry edible	12, 929, 969	Payments to dealers on eligible beans in an amount equal to the difference by which the applicable support price exceeded the processor ceiling price.
Corn—		
For alcohol	4, 400, 000	Sale of CCC-owned corn at prices based on ethyl alcohol prices to encourage production of industrial alcohol.
Purchase and shelling.	3, 618, 473	To make corn available to manufacturers of essential war materials.
Importation	2, 105, 373	To relieve importers of import duties.

TABLE 8.—*Amount and nature of consumer subsidy payments by the Commodity Credit Corporation under programs carried on between July 1, 1941, and Oct. 31, 1947*—Continued

Commodity	Cost	Nature of subsidy
Grain and pulses—Con.		
Corn—Continued	*Dollars*	
Ceiling price adjustment.	1, 535, 680	To equalize OPA ceiling prices on Midwest and eastern seaboard corn to be used for feed.
Total corn	11, 659, 526	
Millfeed price support	138, 118	Payments to millers on millfeed to prevent rise in flour and bread prices.
Barley for feed	6, 995	To obtain feed for deficit areas by purchase of malting barley from maltsters and resale at barley feed prices.
Total grain and pulses.	285, 859, 076	
Fruits and vegetables:		
Vegetables for processing.	86, 564, 089	Payments to canners to compensate for increased raw material and production costs and so to maintain OPA ceiling prices.
Fruits for processing	75, 070, 666	Payments to packers and processors to compensate increased raw material and production costs and so to maintain OPA ceiling prices.
Vegetables, frozen	3, 573, 872	Payments to freezers to compensate for increased raw material and production costs and so to maintain OPA ceiling prices.
Apple freight equalization.	3, 229, 719	Payments to shippers to encourage distribution to deficit areas.
Pear freight equalization.	142, 237	Payments to shippers to encourage distribution to deficit areas.
Total fruits and vegetables.	168, 580, 583	
Oilseeds and products:		
Soybeans	97, 275, 082	Subsidy to processors of soybean oil by purchase and resale operation; purchase at basic support price and resale on oil content values.
Peanut butter	19, 483, 371	To enable OPA to effectuate a reduction in the price of peanut butter.
Vegetable oils and meals.	6, 903, 824	Payments to processors for difference in support price and OPA ceiling to encourage manufacture of meals.
Peanuts	6, 190, 941	Payments to crushers utilizing inferior grade peanuts in conversion to oil.

TABLE 8.—*Amount and nature of consumer subsidy payments by the Commodity Credit Corporation under programs carried on between July 1, 1941, and Oct. 31, 1947*—Continued

Commodity	Cost	Nature of subsidy
Oilseeds and products—Con.	*Dollars*	
Shortening	1, 917, 901	Payments to manufacturers of shortening to adjust for increase in cost of drums.
Flaxseed	393, 394	Payments to producers for difference in support price and OPA ceiling prices.
Total oilseeds and products.	132, 164, 513	
Sugar	115, 125, 809	Purchase and sale of Puerto Rican and foreign sugar crops to insure supply; payments to processors and refiners of cane and beets to obtain maximum production; also to encourage equitable distribution by payment of transportation costs.
Livestock production and meat:		
Sheep and lamb production.	43, 225, 400	Payments to producers and feeders on a live-weight basis for slaughter animals to encourage feeding to heavier weights.
Beef production	36, 877, 101	(Same as for sheep and lambs.)
Pork purchase	330	Bonus payments to packers who delivered up to 60 percent of total production to CCC under contract.
Total livestock and meat.	80, 102, 831	
Beverages:		
Coffee	7, 217, 528	Payment of excess shipping costs to importers over OPA ceiling prices.
Cocoa	101, 938	(Same as for coffee.)
Total beverages	7, 319, 466	
Miscellaneous:		
Hay for dairymen	2, 498, 942	To pay cooperatives excess costs over sales prices for moving hay to drought-stricken dairy areas.
Phosphate fertilizer	89, 344	Payments to Agricultural Adjustment Administration for purchase and transportation costs in excess of sale price.
Total miscellaneous.	2, 588, 286	
Grand total	2, 102, 095, 187	

DEFENSE SUPPLIES CORPORATION-RECONSTRUCTION FINANCE CORPORATION SUBSIDIES

The Defense Supplies Corporation, a wartime subsidiary of the Reconstruction Finance Corporation, also allowed or paid subsidies on certain agricultural products during the period May 1943 to October 1946. Details of these operations are shown in table 9.

TABLE 9.—*Cost and nature of subsidy payments by the Defense Supplies Corporation (a subsidiary of the Reconstruction Finance Corporation) under programs carried on between May 1943 and October 1946*

Commodity	Cost	Nature of subsidy
	Dollars	
Livestock and meats (Pork, beef, veal, lamb, and mutton)	1, 548, 295, 016	Payments to slaughterers at a fixed amount per pound, live weight, to enable them to absorb a rollback of 10 percent in meat prices ordered by OPA.
Flour	347, 823, 321	Payments to millers of the amount of difference between market and parity prices for wheat to enable them to meet OPA ceilings on flour.
Butter	181, 617, 850	Payments to creameries at a flat rate per pound to enable them to absorb a price rollback of a like amount ordered by OPA.
Sugar	25, 011, 274	Payments to transportation agencies to reduce cost of sugar and to encourage equitable distribution.
Coffee	40, 533, 924	Payments to importers and distributors to permit increased price to growers without increase in OPA ceilings.
Grand total	2, 143, 281, 385	

THE COMMODITY CREDIT CORPORATION

The Commodity Credit Corporation was organized October 17, 1933, pursuant to Executive Order No. 6340. Originally incorporated under the laws of the State of Delaware, CCC was managed and operated in close affiliation with the Reconstruction Finance Corporation up to July 1, 1939, as an agency of the United States. On that date, CCC was transferred to and made a part of the United States Department of Agriculture.

Approval of the Commodity Credit Corporation Charter Act (Public Law No. 806, 80th Cong.) on June 29, 1948, established CCC—effective July 1, 1948—as an agency of the United States under a permanent Federal charter. Public Law No. 85, 81st Congress, approved June 7, 1949, amended the Charter Act in several important respects.

PERMANENT AUTHORITY

The Charter Act, as amended, authorizes CCC to: (1) Support prices of agricultural commodities through loans, purchases, payments, and other operations; (2) make available materials and facilities required in the production and marketing of agricultural commodities; (3) procure agricultural commodities for sale to other Government agencies, foreign governments, and domestic, foreign, or international relief or rehabilitation agencies, and to meet domestic requirements; (4) remove and dispose of surplus agricultural commodities; (5) increase domestic consumption of agricultural commodities through development of new markets, marketing facilities, and uses; (6) export or cause to be exported, or aid in the development of foreign markets for, agricultural commodities; and (7) carry out such other operations as Congress may specifically authorize or provide for.

CCC is directed to utilize to the maximum extent practicable, the customary channels, facilities, and arrangements of trade and commerce in carrying on purchasing and selling operations (except sales to other Government agencies), and in conducting warehousing, transporting, processing, and handling operations.

CCC may contract for the use of plants and facilities for the handling, storing, processing, servicing, and transporting of agricultural commodities subject to its control. CCC has authority to acquire personal property and to rent or lease office space necessary for the conduct of its business. It is prohibited from acquiring real property or any interest therein except for the purposes of protecting its financial interests and for providing adequate storage to carry out its programs effectively and efficiently. No refrigerated cold-storage facilities may be constructed or purchased except with funds specifically provided by Congress for that purpose.

To encourage storage of grain on farms, CCC is directed to make loans available to grain producers for financing the construction or purchase of suitable storage.

CCC is authorized to accept strategic and critical materials produced abroad in exchange for agricultural commodities acquired by it. Strategic and critical materials so acquired shall, to the extent approved by the Director of the Office of Defense Mobilization, be transferred to the stockpile, and, when transferred, CCC shall be reimbursed in an amount equal to the fair market value of the material transferred. CCC also is authorized to acquire, hold, or dispose of strategic materials as it deems advisable in carrying out its functions and protecting its assets.

BORROWING POWER

Borrowings by CCC (other than trust deposits and advances received on sales) and obligations to purchase loans held by lending agencies must not exceed $10,000,000,000 at any one time. CCC is capitalized at $100,000,000, subscribed by the United States. Interest must be paid to the U. S. Treasury on the capital stock—and on the amount of the obligations of CCC purchased by the Secretary of the Treasury—at such rates as may be determined by the Secretary of the Treasury.

MANAGEMENT

Management of CCC is vested in a board of directors, subject to the general supervision and direction of the Secretary of Agriculture, who is an ex officio director and is chairman of the board. The board consists of six members (in addition to the Secretary of Agriculture), who are appointed by the President of the United States by and with the advice and consent of the Senate.

The Commodity Credit Corporation Charter Act, as amended, provides for an advisory board consisting of five members appointed by the President of the United States. Not more than three of the members shall belong to the same political party. The advisory board is required to meet at the call of the Secretary of Agriculture at least every 90 days. The function of this board, which is made up of members having broad agricultural and business experience, is to survey the general policies of CCC, including those connected with the purchase, storage, and sale of commodities, and the operation of lending and price-support programs.

In carrying on its operations, CCC makes broad use of the personnel and facilities of the Commodity Stabilization Service.

APPENDIX

The tables that follow provide detailed statistics on certain phases of the price-support program.

TABLE 10.—*Quantities of selected commodities in price-support inventories, January 1949–June 1954*

Date	Wheat	Upland cotton [1]	Corn	Butter	Dried eggs	Linseed oil	Cottonseed oil
	Million bushels	*Million bales*	*Million bushels*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*
1949							
January	0.2	----	----	----	24.4	39.9	----
February	.4	----	----	----	26.9	74.6	----
March	1.0	----	----	----	34.1	128.4	----
April	1.0	----	----	0.7	46.0	186.2	----
May	174.6	----	0.4	2.4	56.6	219.3	----
June	227.2	----	5.6	6.4	63.2	295.8	----
July	217.6	----	3.5	9.6	67.1	310.1	----
August	201.7	3.8	5.2	31.7	70.6	333.2	----
September	189.9	3.8	11.9	69.1	69.3	349.2	----
October	182.7	3.8	28.0	88.8	68.9	365.0	----
November	175.1	3.7	44.2	94.7	68.5	383.9	----
December	162.1	3.7	76.1	96.3	69.0	394.8	----
1950							
January	154.8	3.7	100.8	100.7	75.9	411.9	----
February	144.9	3.6	167.6	92.8	79.3	421.6	----
March	131.8	3.6	217.5	86.7	83.2	430.2	----
April	127.1	3.6	254.7	98.7	88.4	439.5	----
May	334.4	3.5	303.4	117.5	87.9	449.8	----
June	327.7	3.4	332.5	161.6	93.9	471.7	----
July	323.1	3.1	331.7	186.3	104.5	487.2	23.2
August	317.5	2.1	329.6	191.1	108.1	498.9	16.3
September	309.8	0.8	334.6	187.1	[2] 110.0	505.4	6.8
October	297.1	.1	357.5	168.9	108.6	496.1	3.5
November	285.1	.1	379.2	148.4	105.7	513.7	1.2
December	271.0	.1	398.9	106.2	102.6	523.3	1.5

See footnotes at end of table.

TABLE 10.—*Quantities of selected commodities in price-support inventories, January 1949–June 1954*—Continued

Date	Wheat	Upland cotton [1]	Corn	Butter	Dried eggs	Linseed oil	Cotton-seed oil
	Million bushels	*Million bales*	*Million bushels*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*
1951							
January	256. 9	0. 1	420. 6	51. 8	92. 8	527. 6	1. 6
February	237. 9	. 1	433. 7	21. 6	73. 8	[2] 528. 0	. 3
March	228. 8	. 1	438. 1	10. 0	67. 6	524. 0	. 3
April	210. 5	. 1	433. 2	2. 1	66. 6	521. 4	. 3
May	220. 2	. 1	424. 0	. 3	55. 8	521. 4	. 3
June	196. 4	. 1	413. 4	. 2	40. 4	[3] 221. 4	--------
July	194. 5	. 1	412. 1	. 2	37. 0	221. 4	--------
August	181. 5	. 05	405. 4	. 2	28. 5	214. 2	--------
September	168. 4	. 05	402. 8	. 2	22. 3	213. 9	--------
October	156. 3	. 02	404. 8	. 2	17. 0	213. 9	--------
November	142. 8	. 01	401. 5	--------	15. 4	213. 5	--------
December	136. 5	--------	389. 1	--------	15. 3	213. 5	. 3
1952							
January	126. 5	--------	380. 2	--------	11. 9	212. 0	6. 1
February	105. 8	--------	374. 5	--------	10. 7	211. 9	15. 2
March	95. 3	--------	366. 1	--------	9. 6	211. 9	26. 8
April	84. 1	--------	355. 2	--------	6. 6	204. 0	46. 6
May	129 9	--------	343. 1	--------	5. 4	198. 6	61. 9
June	143. 3	--------	313. 9	--------	5. 3	198. 6	78. 5
July	148. 6	--------	309. 7	--------	1. 6	198. 6	90. 1
August	145. 6	. 2	300. 8	--------	. 1	198. 6	106. 7
September	142. 6	. 2	290. 7	--------	--------	198. 7	115. 0
October	139. 0	. 2	284. 1	--------	--------	193. 8	138. 5
November	136. 6	. 2	282. 2	--------	--------	189. 9	184. 4
December	132. 1	. 2	279. 8	2. 7	--------	189. 7	275. 9
1953							
January	127. 8	. 2	266. 7	44. 1	--------	189. 6	407. 3
February	121. 6	. 2	265. 2	63. 6	--------	189. 6	454. 8
March	119. 4	. 2	261. 1	94. 6	--------	189. 6	538. 2
April	116. 6	. 2	254. 1	127. 4	--------	189. 6	634. 4
May	336. 7	. 2	246. 4	162. 1	--------	189. 6	713. 3
June	470. 0	. 2	228. 0	231. 0	--------	189. 5	783. 4
July	468. 0	. 2	225. 9	248. 2	--------	189. 5	653. 2
August	471. 1	. 2	225. 2	263. 1	--------	189. 5	844. 6
September	464. 5	. 2	236. 0	268. 6	--------	189. 5	854. 5
October	454. 4	. 2	289. 2	302. 4	--------	189. 5	870. 5
November	453. 3	. 2	317. 1	292. 5	--------	191. 4	908. 3
December	448. 2	. 2	361. 5	285. 1	--------	151. 8	947. 4
1954							
January	442. 4	. 2	380. 7	295. 0	--------	163. 8	992. 6
February	438. 9	. 2	389. 8	306. 9	--------	107. 2	1, 022. 4
March	438. 3	. 2	[2] 441. 7	330. 4	--------	88. 6	1, 028. 2
April	478. 0	. 2	432. 8	364. 0	--------	67. 4	[2] 1,034. 9
May	673. 0	. 1	410. 2	385. 4	--------	43. 1	951. 8
June	[2] 774. 6	. 1	364. 9	[2] 467. 1	--------	42. 0	885. 2

[1] The record high inventory for cotton was 6,920,000 bales, established Aug. 31, 1939.
[2] Record high.
[3] In May 1951, a total of 300,000,000 pounds of linseed oil was set aside for defense purposes pursuant to the Defense Production Act of 1950.

Table 11.—*Cost value of price-support inventories of specified commodities, January 1949–June 1954*

Date	Wheat	Upland cotton	Corn	Butter	All dairy products (including butter)	Dried eggs	Flaxseed and linseed oil	Other	Total
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*
1949									
January	0.3	0.1	------	------	------	31.1	140.4	134.2	306.1
February	.8	.1	------	------	------	34.2	142.6	130.0	307.7
March	2.0	.1	------	------	------	43.4	159.0	121.0	325.5
April	2.0	.1	------	0.4	0.4	58.6	176.1	134.7	371.9
May	392.2	.1	0.7	1.5	3.9	72.1	185.9	230.7	885.6
June	529.3	------	9.9	3.8	14.1	81.3	191.6	255.6	1,081.8
July	503.1	------	5.8	5.6	21.2	86.4	189.0	244.7	1,050.2
August	475.1	601.1	8.1	19.2	36.8	90.9	192.6	234.1	1,638.7
September	454.0	603.0	18.4	42.3	62.8	89.3	196.0	232.3	1,655.8
October	442.4	615.4	42.4	54.5	81.1	88.9	199.6	222.7	1,692.5
November	427.0	[1] 620.2	67.5	58.3	90.9	88.5	201.9	216.1	1,712.1
December	398.8	617.7	116.8	59.5	94.7	89.3	199.7	208.1	1,725.1
1950									
January	381.5	614.5	155.6	62.4	105.8	98.1	201.6	186.3	1,743.4
February	358.0	613.4	255.7	57.7	103.6	101.4	200.8	173.5	1,806.4
March	327.1	608.0	330.8	54.0	100.2	104.4	201.6	182.9	1,855.0
April	316.2	606.8	389.7	61.3	108.6	108.9	202.4	278.5	2,011.1
May	771.7	596.8	464.6	72.7	121.8	104.1	[1] 225.4	315.8	2,600.2
June	760.4	580.2	505.9	99.5	164.9	103.3	204.6	304.6	2,623.9
July	756.1	537.8	506.2	114.2	189.6	112.9	203.9	292.3	2,598.8
August	747.4	373.4	505.5	117.2	204.1	115.7	205.0	276.7	2,427.8
September	733.5	136.1	516.4	115.1	198.0	[1] 117.2	205.0	267.3	2,173.5
October	707.2	19.8	552.5	104.3	192.5	115.0	199.6	239.4	2,026.0
November	684.1	17.5	584.6	91.7	167.8	111.1	201.7	228.5	1,995.3
December	653.0	17.4	617.1	65.9	130.2	107.1	180.5	220.2	1,925.5

1951									
January	621. 2	16. 9	644. 7	51. 8	76. 5	94. 7	174. 7	197. 0	1, 825. 7
February	575. 2	17. 0	662. 8	13. 5	34. 9	73. 6	173. 5	203. 3	1, 740. 3
March	554. 8	16. 4	670. 1	6. 2	18. 6	66. 5	170. 4	185. 4	1, 682. 2
April	511. 8	16. 4	667. 6	1. 4	11. 0	65. 6	166. 1	183. 7	1, 622. 2
May	528. 9	16. 3	655. 1	. 2	9. 3	55. 4	162. 9	191. 7	1, 619. 6
June	483. 4	16. 0	643. 2	. 1	4. 8	40. 2	75. 8	169. 3	1, 432. 7
July	480. 0	14. 9	640. 0	. 1	4. 5	36. 7	75. 4	162. 4	1, 413. 9
August	451. 3	11. 2	631. 8	. 1	5. 6	28. 4	67. 9	154. 6	1, 350. 8
September	421. 1	10. 5	630. 1	. 1	6. 8	22. 3	64. 5	144. 8	1, 300. 1
October	395. 1	5. 3	635. 1	. 1	8. 5	17. 1	63. 6	147. 9	1, 272. 6
November	363. 7	2. 9	630. 7	----------	8. 9	15. 5	63. 6	147. 6	1, 232. 9
December	350. 3	. 6	614. 0	----------	8. 1	15. 4	63. 3	154. 7	1, 206. 4
1952									
January	327. 6	. 5	601. 6	----------	7. 6	12. 0	62. 4	154. 6	1, 166. 3
February	273. 6	. 5	593. 9	----------	5. 5	10. 8	61. 4	144. 2	1, 089. 9
March	248. 1	. 5	582. 2	----------	4. 4	9. 7	61. 2	135. 1	1, 041. 2
April	219. 6	. 5	565. 6	----------	4. 0	6. 6	58. 9	133. 6	988. 8
May	322. 3	. 5	546. 4	----------	3. 7	5. 5	57. 4	143. 9	1, 079. 7
June	364. 3	. 4	500. 0	----------	5. 3	5. 4	57. 5	140. 3	1, 073. 2
July	377. 3	. 4	493. 3	----------	6. 0	1. 7	57. 6	140. 3	1, 076. 6
August	376. 4	32. 2	478. 7	----------	5. 7	. 1	57. 6	136. 5	1, 087. 2
September	375. 5	32. 0	462. 8	----------	5. 3	. 1	57. 7	132. 3	1, 065. 7
October	369. 2	32. 0	452. 6	----------	5. 4	----------	56. 4	131. 5	1, 047. 1
November	364. 1	32. 4	449. 9	----------	5. 8	----------	55. 3	138. 6	1, 046. 1
December	352. 4	32. 5	447. 3	1. 8	8. 4	----------	55. 3	157. 5	1, 053. 4
1953									
January	342. 9	32. 4	427. 5	29. 6	42. 6	----------	55. 4	191. 4	1, 092. 2
February	325. 4	32. 4	425. 5	42. 8	62. 0	----------	55. 4	210. 0	1, 110. 7
March	320. 5	32. 5	419. 9	63. 8	100. 8	----------	55. 5	234. 3	1, 163. 5
April	314. 8	32. 7	409. 1	86. 1	139. 0	----------	55. 5	275. 1	1, 226. 2
May	838. 4	32. 8	397. 7	109. 0	196. 2	----------	68. 8	356. 7	1, 890. 6
June	1, 187. 5	32. 8	371. 2	154. 5	274. 9	----------	75. 5	396. 8	2, 338. 7
July	1, 188. 9	32. 9	368. 6	165. 9	299. 2	----------	75. 2	408. 0	2, 372. 8
August	1, 204. 4	33. 0	367. 9	175. 7	328. 4	----------	74. 8	407. 6	2, 416. 1
September	1, 193. 3	33. 1	387. 7	179. 6	342. 8	----------	74. 1	398. 3	2, 429. 3
October	1, 178. 2	33. 2	480. 2	202. 3	383. 2	----------	69. 1	397. 2	2, 541. 1
November	1, 184. 0	33. 3	522. 3	196. 2	378. 9	----------	68. 3	395. 8	2, 582. 6
December	1, 176. 8	33. 4	590. 1	191. 5	378. 4	----------	52. 6	386. 6	2, 617. 9

See footnote at end of table.

TABLE 11.—*Cost value of price-support inventories of specified commodities, January 1949–June 1954*—Continued

Date	Wheat	Upland cotton	Corn	Butter	All dairy products (including butter)	Dried eggs	Flaxseed and linseed oil	Other	Total
1954	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*
January	1, 163. 7	33. 6	623. 4	198. 5	391. 0	----------	48. 9	390. 1	2, 650. 7
February	1, 160. 8	33. 8	640. 2	206. 6	410. 5	----------	29. 0	392. 8	2, 667. 1
March	1, 163. 3	33. 8	[1] 721. 3	222. 3	446. 5	----------	21. 3	404. 5	2, 790. 7
April	1, 254. 3	33. 9	707. 1	244. 5	499. 3	----------	13. 8	457. 2	2, 965. 6
May	1, 715. 3	20. 4	670. 3	257. 7	521. 9	----------	46. 2	487. 0	3, 461. 1
June	[1] 1, 971. 1	20. 4	595. 5	[1] 304. 3	[1] 544. 6	----------	43. 3	493. 3	[1] 3, 668. 2

[1] Record high.

Table 12.—*Outstanding quantities of cotton, wheat, corn, and tobacco pledged as collateral for loans, by months, January 1949–June 1954*

Date	Upland cotton	Wheat	Corn	Tobacco
	Million bales	*Million bushels*	*Million bushels*	*Million pounds*
1949				
January	4. 2	222. 8	88. 0	376. 8
February	4. 3	244. 5	140. 1	396. 6
March	4. 4	240. 8	334. 2	380. 1
April	4. 3	230. 7	284. 5	371. 9
May	4. 0	52. 4	303. 4	358. 7
June	3. 9	21. 0	345. 5	347. 2
July	3. 8	78. 4	345. 3	343. 9
August	----------	184. 8	346. 7	361. 0
September	----------	260. 1	347. 4	380. 2
October	. 7	290. 1	350. 9	363. 6
November	1. 5	299. 4	360. 8	363. 4
December	2. 3	303. 1	434. 6	367. 3
1950				
January	2. 8	320. 2	526. 7	373. 9
February	2. 6	324. 8	563. 7	365. 3
March	2. 3	316. 0	573. 8	356. 0
April	2. 0	304. 6	543. 2	331. 7
May	1. 4	59. 4	491. 8	315. 0
June	. 8	33. 5	413. 6	311. 1
July	. 4	29. 4	402. 0	306. 6
August	. 2	77. 6	381. 9	304. 1
September	. 1	114. 9	315. 1	287. 9
October	----------	150. 7	262. 1	285. 2
November	----------	171. 1	220. 6	273. 1
December	----------	183. 7	200. 0	283. 2
1951				
January	----------	184. 0	182. 9	283. 8
February	----------	167. 9	166. 5	281. 2
March	----------	138. 3	152. 1	267. 0
April	----------	114. 8	144. 9	257. 3
May	----------	45. 0	140. 7	251. 5
June	----------	11. 2	129. 7	246. 8
July	----------	24. 3	125. 1	248. 7
August	----------	70. 5	108. 5	268. 7
September	. 3	121. 2	84. 7	300. 3
October	. 7	161. 7	60. 0	326. 0
November	. 7	173. 1	43. 5	335. 7
December	. 5	161. 3	43. 7	370. 7
1952				
January	. 4	153. 7	44. 5	418. 4
February	. 4	139. 3	45. 1	407. 4
March	. 4	121. 6	47. 1	400. 8
April	. 4	103. 3	46. 1	391. 9
May	. 4	38. 0	44. 5	388. 4
June	. 4	22. 3	37. 8	380. 5
July	. 3	66. 5	34. 9	377. 4
August	----------	175. 9	23. 5	372. 1
September	----------	265. 1	15. 5	390. 2
October	. 1	311. 8	5. 3	444. 2
November	. 4	332. 5	18. 0	464. 1
December	. 9	335. 8	88. 5	539. 8

TABLE 12.—*Outstanding quantities of cotton, wheat, corn, and tobacco pledged as collateral for loans, by months, January 1949–June 1954*—Continued

Date	Upland cotton	Wheat	Corn	Tobacco
1953	*Million bales*	*Million bushels*	*Million bushels*	*Million pounds*
January	1. 6	371. 6	202. 4	576. 8
February	1. 8	376. 2	216. 3	582. 9
March	1. 9	369. 0	255. 0	510. 8
April	2. 0	357. 0	272. 4	505. 4
May	2. 0	133. 4	290. 0	497. 6
June	1. 9	44. 4	299. 3	496. 0
July	1. 8	68. 8	299. 2	494. 6
August	1. 8	140. 1	293. 2	500. 2
September	2. 1	257. 2	277. 8	500. 4
October	3. 0	351. 8	235. 1	507. 5
November	5. 9	401. 1	213. 2	523. 5
December	7. 2	419. 2	232. 6	591. 4
1954				
January	8. 1	444. 3	324. 6	642. 4
February	8. 1	475. 8	373. 0	643. 1
March	7. 7	467. 3	365. 8	624. 3
April	7. 5	411. 5	377. 0	614. 3
May	7. 1	205. 6	393. 5	606. 2
June	6. 9	91. 0	410. 3	585. 9

TABLE 13.—*Price-support loans outstanding*[1] *on specified commodities, January 1949–June 1954*

Date	Cotton [2]	Wheat	Corn	Tobacco	Other	Total
1949	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*
January	689. 8	499. 9	188. 0	144. 4	203. 1	1, 725. 2
February	683. 0	499. 4	246. 8	153. 1	210. 7	1, 793. 0
March	680. 2	492. 5	334. 2	149. 1	203. 5	1, 859. 5
April	670. 3	472. 3	393. 6	145. 0	165. 1	1, 846. 3
May	628. 1	102. 5	420. 0	139. 0	62. 1	1, 351. 7
June	609. 2	40. 3	477. 0	134. 7	29. 6	1, 290. 8
July	600. 5	151. 6	477. 4	132. 9	37. 6	1, 400. 0
August	. 3	364. 3	479. 0	143. 1	55. 1	1, 041. 8
September	10. 4	517. 3	478. 6	150. 6	81. 6	1, 238. 5
October	108. 4	576. 7	484. 9	150. 3	135. 8	1, 456. 1
November	222. 4	593. 6	497. 5	149. 8	194. 8	1, 658. 1
December	337. 4	597. 9	596. 3	151. 9	236. 5	1, 920. 0
1950						
January	398. 9	630. 3	725. 1	150. 7	299. 0	2, 204. 0
February	374. 3	645. 0	768. 6	145. 8	296. 1	2, 229. 8
March	322. 5	626. 0	[3] 782. 4	143. 4	291. 6	2, 165. 9
April	284. 1	604. 1	742. 3	132. 8	183. 9	1, 947. 2
May	204. 6	114. 8	667. 4	126. 7	83. 4	1, 196. 9
June	121. 9	65. 1	558. 1	125. 5	43. 6	914. 2
July	61. 5	57. 3	542. 0	123. 3	35. 4	819. 5
August	29. 9	154. 7	514. 8	123. 3	38. 3	861. 0
September	19. 4	229. 8	424. 3	117. 6	49. 6	840. 7

See footnotes at end of table.

TABLE 13.—*Price-support loans outstanding* [1] *on specified commodities, January 1949–June 1954*—Continued

Date	Cotton [2]	Wheat	Corn	Tobacco	Other	Total
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*
1950						
October	0.4	296.1	352.9	123.6	99.4	872.4
November	.9	341.5	298.0	122.5	165.9	928.8
December	1.3	365.1	272.0	128.7	197.1	964.2
1951						
January	1.5	365.7	250.6	131.9	189.4	939.1
February	1.4	334.6	229.6	131.4	161.3	858.3
March	1.0	275.5	209.6	122.7	130.9	739.7
April	.9	229.0	200.7	118.8	88.7	638.1
May	.8	88.9	195.1	116.8	39.6	441.2
June	.7	21.9	179.9	114.2	17.3	334.0
July	.7	50.2	173.6	115.5	15.0	355.0
August	1.3	147.6	150.8	126.0	13.9	439.6
September	46.7	254.0	118.0	144.2	22.1	585.0
October	113.0	343.1	82.8	157.8	66.8	763.5
November	115.4	359.2	60.2	161.2	99.9	795.9
December	87.2	336.4	61.7	183.6	124.4	793.3
1952						
January	70.8	320.3	64.0	206.7	125.7	787.5
February	65.1	290.9	65.0	202.4	116.9	740.3
March	61.6	255.0	68.6	200.9	103.1	689.2
April	58.3	217.1	67.3	197.7	80.0	620.4
May	61.7	79.8	64.9	196.3	46.3	449.0
June	48.3	46.9	55.1	194.1	19.7	364.1
July	37.9	137.3	50.8	192.3	22.4	440.7
August	----------	379.5	33.9	184.2	29.5	627.1
September	1.7	575.8	22.1	188.7	44.3	832.6
October	13.3	680.8	7.3	212.5	76.0	989.9
November	61.4	722.5	27.8	218.7	114.0	1,144.4
December	134.3	729.2	139.9	249.2	146.2	1,398.8
1953						
January	250.4	809.4	316.2	266.4	170.7	1,813.1
February	278.8	817.9	337.8	269.9	176.5	1,880.9
March	289.2	805.7	399.2	226.2	181.8	1,902.1
April	306.6	779.9	425.8	223.3	173.8	1,909.4
May	305.2	292.1	453.9	219.4	87.2	1,357.8
June	290.0	96.7	468.2	218.6	64.1	1,137.6
July	280.5	151.2	467.3	218.5	59.1	1,176.6
August	278.6	308.0	458.1	221.0	60.6	1,326.3
September	325.1	566.3	434.0	220.5	77.9	1,623.8
October	495.8	760.9	365.6	221.9	159.6	2,003.8
November	980.2	871.6	329.8	221.4	263.0	2,666.0
December	1,204.0	908.0	366.7	251.0	316.9	3,046.6
1954						
January	1,329.2	964.8	511.7	279.5	346.4	3,431.6
February	[3] 1,336.1	[3] 1,033.7	583.7	[3] 283.3	348.6	[3] 3,585.4
March	1,272.0	1,019.4	570.9	273.8	302.7	3,438.8
April	1,233.9	900.5	588.6	268.7	231.4	3,223.1
May	1,169.4	452.7	621.1	264.0	141.0	2,648.2
June	1,157.0	198.0	640.5	254.2	87.6	2,337.3

[1] Includes loans made but not fully processed.
[2] Includes extra long staple cotton.
[3] Record high.

TABLE 14.—*Cost value of price-support inventories, price-support loans outstanding, investment in price support (value of inventories plus loans outstanding), and purchase agreements outstanding, January 1949–June 1954*

Date	Value of inventories	Loans outstanding	Investment in price support	Purchase agreements outstanding
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*
1949				
January	306. 1	1, 725. 2	2, 031. 3	343. 3
February	307. 7	1, 793. 0	2, 100. 7	379. 4
March	325. 5	1, 859. 5	2, 185. 0	409. 7
April	371. 9	1, 846. 3	2, 218. 2	[1] 422. 2
May	885. 6	1, 351. 7	2, 237. 3	304. 3
June	1, 081. 8	1, 290. 8	2, 372. 6	320. 0
July	1, 050. 2	1, 400. 0	2, 450. 2	277. 0
August	1, 638. 7	1, 041. 8	2, 680. 5	265. 1
September	1, 655. 8	1, 238. 5	2, 894. 3	216. 8
October	1, 692. 5	1, 456. 1	3, 148. 6	194. 9
November	1, 712. 1	1, 658. 1	3, 370. 2	171. 8
December	1, 725. 1	1, 920. 0	3, 645. 1	156. 0
1950				
January	1, 743. 4	2, 204. 0	3, 947. 4	248. 6
February	1, 806. 4	2, 229. 8	4, 036. 2	194. 9
March	1, 855. 0	2, 165. 9	4, 020. 9	206. 5
April	2, 011. 1	1, 947. 2	3, 958. 3	211. 4
May	2, 600. 2	1, 196. 9	3, 797. 1	245. 0
June	2, 623. 9	914. 2	3, 538. 1	90. 5
July	2, 598. 8	819. 5	3, 418. 3	84. 6
August	2, 427. 8	861. 0	3, 288. 8	83. 5
September	2, 173. 5	840. 7	3, 014. 1	84. 2
October	2, 026. 0	872. 4	2, 898. 4	6. 1
November	1, 995. 3	928. 8	2, 924. 1	10. 0
December	1, 925. 5	964. 2	2, 889. 7	15. 5
1951				
January	1, 825. 7	939. 1	2, 764. 8	28. 0
February	1, 740. 3	858. 3	2, 598. 6	28. 9
March	1, 682. 2	739. 7	2, 421. 9	28. 9
April	1, 622. 2	638. 1	2, 260. 3	28. 0
May	1, 619. 6	441. 2	2, 060. 8	38. 1
June	1, 432. 7	334. 0	1, 766. 7	3. 5
July	1, 413. 9	355. 0	1, 768. 9	3. 8
August	1, 350. 8	439. 6	1, 790. 4	4. 7
September	1, 300. 1	585. 0	1, 885. 1	7. 3
October	1, 272. 6	763. 5	2, 036. 1	5. 2
November	1, 232. 9	795. 9	2, 028. 8	8. 1
December	1, 206. 4	793. 3	1, 999. 7	12. 2

See footnote at end of table.

TABLE 14.—*Cost value of price-support inventories, price-support loans outstanding, investment in price support (value of inventories plus loans outstanding), and purchase agremeents outstanding, January 1949–June 1954*—Continued

Date	Value of inventories	Loans outstanding	Investment in price support	Purchase agreements outstanding
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*
1952				
January	1, 166. 3	787. 5	1, 953. 8	43. 5
February	1, 089. 9	740. 3	1, 830. 2	47. 6
March	1, 041. 5	689. 2	1, 730. 7	47. 7
April	988. 8	620. 4	1, 609. 2	47. 9
May	1, 079. 7	449. 0	1, 528. 7	48. 0
June	1, 073. 2	364. 1	1, 437. 3	1. 6
July	1, 076. 6	440. 7	1, 517. 3	2. 5
August	1, 087. 2	627. 1	1, 714. 3	2. 5
September	1, 065. 7	832. 6	1, 898. 3	4. 2
October	1, 047. 1	989. 9	2, 037. 0	6. 5
November	1, 046. 1	1, 144. 4	2, 190. 5	12. 5
December	1, 053. 4	1, 398. 8	2, 452. 2	21. 4
1953				
January	1, 092. 2	1, 813. 1	2, 905. 3	186. 9
February	1, 110. 7	1, 880. 9	2, 991. 6	201. 8
March	1, 163. 5	1, 902. 1	3, 065. 6	201. 8
April	1, 226. 2	1, 909. 4	3, 135. 6	221. 9
May	1, 890. 6	1, 357. 8	3, 248. 4	258. 0
June	2, 338. 7	1, 137. 6	3, 476. 3	343. 1
July	2, 372. 8	1, 176. 6	3, 549. 4	171. 3
August	2, 416. 1	1, 326. 3	3, 742. 4	4. 1
September	2, 429. 3	1, 623. 8	4, 053. 1	7. 8
October	2, 541. 1	2, 003. 8	4, 544. 9	14. 7
November	2, 582. 6	2, 666. 0	5, 248. 6	28. 2
December	2, 618. 0	3, 046. 6	5, 664. 6	41. 8
1954				
January	2, 650. 7	3, 431. 6	6, 082. 3	91. 4
February	2, 667. 1	[1] 3, 585. 4	[1] 6, 252. 5	216. 1
March	2, 790. 7	3, 438. 8	6, 229. 5	224. 2
April	2, 965. 6	3, 223. 1	6, 188. 7	244. 9
May	3, 461. 1	2, 648. 2	6, 109. 3	282. 4
June	[1] 3, 668. 2	2, 337. 3	6, 005. 5	160. 6

[1] Record high.

CORN

TABLE 15.—*Corn (a "basic" commodity): Average price-support levels and average prices received by farmers for crops of 1933 to 1954, inclusive*

Crop of—	Level of support [1]		Season average price received by farmers
	Percentage of parity [2]	Average support level	
	Percent	*Dollars per bushel*	*Dollars per bushel*
1933	60	0. 45	0. 494
1934	68	. 55	. 802
1935	55	. 45	. 632
1936	66	. 55	1. 035
1937	59	. 50	. 490
1938	70	. 57	. 469
1939	69	. 57	. 542
1940	75	. 61	. 601
1941	85	. 75	. 736
1942	85	. 83	. 894
1943	85	. 90	1. 08
1944	90	. 98	1. 03
1945	90	1. 01	1. 23
1946	90	1. 15	1. 53
1947	90	1. 37	2. 16
1948	90	1. 44	1. 28
1949	90	1. 40	1. 24
1950	90	[3] 1. 47	1. 52
1951	90	1. 57	1. 66
1952	90	1. 60	1. 51
1953	90	1. 60	[4] 1. 48
1954	90	[3] 1. 62	-----------

[1] Prices were supported during the period 1933–53 by means of loans and also, during the period 1947–52, by purchase agreements. Support for the period 1933–37 was permissive, but was mandatory for the period 1938–53.

[2] Based on parity prices as of Oct. 1. In 1936 and 1937, percentages of parity shown were computed on basis of unpublished parity price at the time the program was announced.

[3] Commercial corn-producing area only. Level outside the commercial area was only 75 percent of the level within the area.

[4] Preliminary.

COTTON, UPLAND

TABLE 16.—*Cotton, upland (a "basic" commodity): Average price-support levels and average prices received by farmers for crops of 1933 to 1954, inclusive*

Crop of—	Level of support [1]		Season average price received by farmers
	Percentage of parity [2]	Average support level for Middling ⅞-inch cotton	
	Percent	*Cents per pound*	*Cents per pound*
1933	[3] 69	10. 00	10. 17
1934	[3] 76	12. 00	12. 36
1935	[3] 62	10. 00	11. 08
1936 [4]			12. 34
1937	[3] 53	9. 00	8. 40
1938	[3] 52	8. 30	8. 58
1939	[3] 56	8. 70	9. 06
1940	[3] 57	8. 90	9. 83
1941	85	14. 02	16. 95
1942	90	17. 02	18. 90
1943	90	18. 41	19. 76
1944	95	20. 03	20. 72
1944	100	[5] 20. 85	20. 73
1945	92. 5	19. 84	22. 51
1945	100	[5] 20. 90	22. 52
1946	92. 5	22. 83	32. 63
1947	92. 5	26. 49	31. 92
1948	92. 5	28. 79	30. 38
1949	90	27. 23	28. 57
1950	90	27. 90	39. 90
1951	90	30. 46	37. 69
1952	90	30. 91	34. 17
1953	90	30. 80	[6] 32. 10
1954	90	31. 58	

[1] Cotton prices were supported through loans for the entire period 1933–54; but, in 1944 and 1945, sec. 3 of the Stabilization Act of 1942, as amended by the Stabilization Extension Act of June 30, 1944, required that all lawful action be taken to assure producers of certain commodities, including cotton, the higher of (1) the parity or comparable price, or (2) the highest price received by producers for the commodity between Jan. 1 and Sept. 15, 1942. Inasmuch as 100 percent of parity was higher than the loan level, it was to the advantage of cotton producers to redeem cotton previously placed under loan and to resell to the CCC at the higher price. This course was followed by most producers in 1944 and 1945.

Price support for cotton was permissive during the period 1933–37. For the period 1938–54, support was mandatory.

[2] Based on Aug. 1 parity price, except in 1940, which was based on July 1 parity price.

[3] Computed on basis of announced support price.

[4] No price support available in 1936.

[5] Beginning purchase price. Purchase price increased 5 points monthly for 7 months in 1944 and for 10 months in 1945.

[6] Preliminary.

COTTON, AMERICAN EGYPTIAN

TABLE 17.—*Cotton, American Egyptian (a "basic" commodity): Average price-support levels and prices received by farmers for crops of 1942 to 1954, inclusive*

Crop of—	Level of support [1]		Season average price received by farmers
	Percentage of parity	Average support level for all qualities	
	Percent	*Cents per pound*	*Cents per pound*
1942	(1)	(2)	43.7
1943	(1)	(2)	46.7
1944	90	39.14	44.8
1945	90	39.47	42.5
1946	90	45.89	45.8
1947	90	53.31	61.5
1948	90	58.37	62.2
1949	90	56.01	57.8
1950	(3)	(3)	67.8
1951	(1) [4]	(2) [4]	100.0
1952	(1) [4]	(2) [4]	104.0
1953	(1) [2]	74.52	[5] 73.8
1954	(2)	65.53	------------

[1] The support level in 1942 was 43.25 cents per pound for Grade No. 2, 1½ inch staple, which was estimated to be about 100 percent of the comparable price for American Egyptian cotton.

The support level in 1943 was established under a purchase program at 49.83 cents for Grade No. 2, 1½ inch staple—a price that had been revised upward from 48 cents. Loans also were available on the 1943 crop at a rate of 40.90 cents, which was 90 percent of the Aug. 1, 1944, parity price.

Average support levels for all qualities of American Egyptian cotton for the years 1944–49 were computed on the basis of 90 percent of the parity price as of Aug. 1 for the years shown.

Prices were supported through purchases in 1942, 1951, 1952, and 1953. In 1943, prices were supported through both purchases and loans. From 1944 through 1949, and in 1953 and 1954, support was accomplished through loans.

Support was permissive in 1942, but mandatory in the years 1943–49. In 1951 and 1952, following passage of the Agricultural Act of 1949, prices were supported on a permissive basis. Public Law 585 amended the Agricultural Act of 1949 in such a way as to make support of long staple cotton (including American Egyptian cotton) mandatory in 1953 and after.

[2] Not determined.

[3] Announced "no support."

[4] The support price in 1951 was announced at $1.04 per pound for Grade No. 2, 1½ inch staple. On the basis of the parity price as of Feb. 1, and the average relationship between the support price for all qualities and the support price for No. 2 American Egyptian cotton in 1945–49, this reflected about 153 percent of parity.

The support price in 1952 was announced at $1.07 per pound for Grade No. 2, 1½ inch staple. On the basis of the parity price as of Jan. 1, 1952, and the average relationship between the support price for all qualities and the support price for No. 2 American Egyptian cotton in 1945–49, this reflected about 153 percent of parity.

[5] Preliminary.

PEANUTS

TABLE 18.—*Peanuts (a "basic" commodity): Average price-support levels and average prices received by farmers for crops of 1941 to 1954, inclusive*

Crop of—	Level of support [1]		Season average price received by farmers
	Percentage of parity [2]	Average support level	
	Percent	*Cents per pound*	*Cents per pound*
1941	68	4. 35	4. 67
1942	90	6. 6	6. 09
1943	90	7. 1	7. 12
1944	90	7. 3	8. 05
1945	90	7. 5	8. 27
1946	90	8. 6	9. 10
1947	90	10. 0	10. 1
1948	90	10. 8	10. 5
1949	90	10. 5	10. 4
1950	90	10. 8	10. 9
1951	88	11. 5	10. 4
1952	90	12. 0	10. 9
1953	90	11. 88	[3] 11. 1
1954	90	12. 20	------------

[1] Prior to 1941, CCC made nonrecourse loans to peanut cooperatives to finance purchase, storage, and the diversion or sale of farmers' stock peanuts by cooperatives to facilitate a surplus removal program of the Department. These loan programs were in effect from 1937 through 1940.

For the crops of 1941 and 1942, CCC made loans to cooperatives similar to the loans made under the 1937–40 programs. In 1942, CCC also purchased peanuts through cooperatives or from others under agreements allowing the sellers to repurchase peanuts. Purchases were made at the loan rate.

For the crop of 1943, the support level was originally announced at 85 percent of parity or 6.2 cents per pound. The program was revised Oct. 3, 1942, however, before any substantial movement of eligible peanuts had begun.

For the crops of 1943 through 1951, support was accomplished through purchases, loans to shellers, and through offers to make loans to producers on farmers' stock peanuts. In 1952–54, support was accomplished through loans and purchase agreements.

Support was mandatory on crops of 1941 through 1954.

[2] Support for the crops of 1941 through 1954 was based on the parity price as of Aug. 1.

[3] Preliminary.

RICE

TABLE 19.—*Rice (a "basic" commodity): Average price-support levels and average prices received by farmers for crops of 1941 to 1954, inclusive*

Crop of—	Level of support [1]		Season average price received by farmers
	Percentage of parity [2]	Average support level	
	Percent	*Dollars per hundredweight*	*Dollars per hundredweight*
1941	85	2.04	3.01
1942	85	2.33	3.61
1943	90	(3)	3.96
1944	90	(3)	3.93
1945	90	2.82	3.98
1946	90	(3)	5.00
1947	90	3.76	5.97
1948	90	4.08	4.88
1949	90	3.96	4.10
1950	90	4.56	5.09
1951	90	5.00	4.82
1952	90	5.04	5.87
1953	91	4.84	[4] 5.19
1954	91	4.92	----------

[1] Although price support for rice was mandatory during the period 1941–52, active price-support operations were not necessary until 1948. In some years—1943, 1944, and 1946—prices received by farmers were so far above support levels that loan rates were not announced.

Program announcements during the period 1941–54, stated that support would be accomplished through loans (and also, in 1942, through purchases). The announcements during the period 1947–54 stated that support would also be accomplished through purchase agreements.

[2] Based on parity prices as of Aug. 1. The percentages of parity shown for the 1953 and 1954 crops—91 percent—represent the relationship between the "forward" prices, announced as minimum support prices and the parity prices on Aug. 1, 1953, and Aug. 1, 1954.

[3] Not announced.

[4] Preliminary.

BURLEY TOBACCO

TABLE 20.—*Burley tobacco, type 31 (a "basic" commodity): Average price-support levels and average prices received by farmers for crops of 1940 to 1954, inclusive*

Crop of—	Level of support [1]		Season average price received by farmers
	Percentage of parity [2]	Average support level	
	Percent	*Cents per pound*	*Cents per pound*
1940	75	16. 4	16. 2
1941	85	20. 0	29. 2
1942	90	24. 6	41. 8
1943	90	27. 0	45. 6
1944	90	28. 2	44. 0
1945	90	29. 0	39. 4
1946	90	33. 6	39. 7
1947	90	40. 3	48. 5
1948	90	42. 4	46. 0
1949	90	40. 3	45. 2
1950	90	45. 7	49. 0
1951	90	49. 8	51. 2
1952	91	49. 5	50. 3
1953	91	46. 6	[3] 52. 5
1954	91	46. 4	-----------

[1] Method of support: 1940–54, loans. Support was permissive in 1940, but mandatory in 1941–54 provided growers had not disapproved marketing quotas.

[2] Based on parity prices as of Oct. 1. The percentage of parity shown for the 1952, 1953, and 1954 crops—91 percent—represents the relationship between the "forward" price, announced as a minimum support price, and the parity price on Oct. 1 at the start of the 1952, 1953, and 1954 marketing years.

[3] Preliminary.

DARK AIR-CURED TOBACCO

TABLE 21.—*Dark air-cured tobacco, types 35 and 36 (a "basic" commodity): Average price-support levels and average prices received by farmers for crops of 1939 to 1954, inclusive*

Crop of—	Level of support [1]		Season average price received by farmers
	Percentage of parity [2]	Average support level	
	Percent	*Cents per pound*	*Cents per pound*
1939	66	4. 9	6. 9
1940	75	6. 2	7. 5
1941	85	7. 7	11. 5
1942	90	9. 5	14. 7
1943	90	10. 4	26. 6
1944	90	10. 8	22. 7
1945	(3)	19. 3	24. 7
1946	(3)	22. 4	22. 4
1947	(3)	26. 9	25. 6
1948	(3)	28. 3	28. 4
1949	(3)	26. 9	27. 8
1950	(3)	30. 5	23. 2
1951	(3)	33. 2	34. 3
1952	(3)	33. 0	31. 6
1953	(3)	31. 1	[4] 25. 2
1954	(3)	30. 9	------------

[1] Method of support: 1939–44, loans and purchases; 1945–46, loans; 1947, loans and purchases; 1948–54, loans. Support was permissive in 1939–40, but mandatory in 1941–54 provided growers had not disapproved marketing quotas.

[2] Based on parity prices as of Oct. 1.

[3] Two-thirds of burley support level.

[4] Preliminary.

FIRE-CURED TOBACCO

TABLE 22.—*Fire-cured tobacco, types 21–23*[1] *(a "basic" commodity): Average price-support levels and average prices received by farmers for crops of 1937 to 1954, inclusive*

Crop of—	Level of support [2]		Season average price received by farmers
	Percentage of parity [3]	Average support level	
	Percent	*Cents per pound*	*Cents per pound*
1937	(4)	15.1	10.7
1938 [5]	(5)	----	----
1939	60	6.2	10.6
1940	75	7.7	9.5
1941	85	9.6	14.1
1942	90	11.8	17.1
1943	90	13.0	23.4
1944	90	13.5	24.5
1945	(6)	21.8	31.5
1946	(6)	25.2	26.0
1947	(6)	30.2	29.5
1948	(6)	31.8	31.9
1949	(6)	30.2	29.8
1950	(6)	34.3	31.2
1951	(6)	37.4	40.0
1952	(6)	37.1	37.6
1953	(6)	35.0	[7] 33.8
1954	(6)	34.8	----

[1] From 1937 through 1949, fire-cured toabcco included types 21–24. Beginning in 1950, however, type 24 ceased to exist as a separately identified market type.

[2] Prior to the 1937 crop, CCC price support was limited to the acquisition, on June 30, 1936, from the Reconstruction Finance Corporation of unredeemed loans made by RFC on the 1931 through 1935 crops of dark tobaccos (dark air-cured and dark fire-cured tobaccos). Support of 1937-crop prices was limited to dark-fired (type 22) tobacco.

Method of support: 1937, loans; 1939–44, loans and purchases; 1945–46, loans; 1947, loans and purchases; 1948–54, loans.

Support was permissive in 1937 and in 1939 and 1940, but mandatory in 1941–54 provided growers had not disapproved marketing quotas.

[3] Based on parity prices as of Oct. 1.

[4] Not available.

[5] No support program was in effect.

[6] Three-fourths of burley support level.

[7] Preliminary.

FLUE-CURED TOBACCO

TABLE 23.—*Flue-cured tobacco, types 11–14 (a "basic" commodity): Average price-support levels and average prices received by farmers for crops of 1939 to 1954, inclusive*

Crop of—	Level of support [1]		Season average price received by farmers
	Percentage of parity [2]	Average support level	
	Percent	*Cents per pound*	*Cents per pound*
1939	75	15.4	14.9
1940	75	15.0	16.4
1941	85	19.6	28.1
1942	[3] 85	[3] 23.7	38.4
1943	90	27.6	40.2
1944	90	28.9	42.4
1945	90	29.7	43.6
1946	90	32.1	48.3
1947	90	40.0	41.2
1948	90	43.9	49.6
1949	90	42.5	47.2
1950	90	45.0	54.7
1951	90	50.7	52.4
1952	91	50.6	50.3
1953	92	47.9	[4] 52.8
1954	90	47.9	------------

[1] Method of support: 1939–40, loans and purchases; 1941–54, loans. The program was permissive in 1939–40, but mandatory in 1941–54 provided growers had not disapproved marketing quotas.

[2] Based on parity prices as of July 1. Percentages of parity shown for the 1952 and 1953 crops represent the relationships between "forward" prices and parity prices as of July 1.

[3] Figures shown for 1942 were revised to 90 percent of parity and 25.1 cents per pound, respectively, on Oct. 2, 1942, following approval of Public Law 729, 77th Cong.

[4] Preliminary.

WHEAT

TABLE 24.—*Wheat (a "basic" commodity): Average price-support levels and average prices received by farmers for crops of 1938 to 1955, inclusive*

Crop of—	Level of support [1]		Season average price received by farmers
	Percentage of parity [2]	Average support level	
	Percent	*Dollars per bushel*	*Dollars per bushel*
1938	52	0. 59	0. 556
1939	56	. 63	. 686
1940	57	. 64	. 674
1941	85	. 98	. 939
1942	85	1. 14	1. 09
1943	85	1. 23	1. 35
1944	90	1. 35	1. 41
1945	90	1. 38	1. 49
1946	90	1. 49	1. 90
1947	90	1. 84	2. 29
1948	90	2. 00	1. 98
1949	90	1. 95	1. 88
1950	90	1. 99	2. 00
1951	90	2. 18	2. 11
1952	90	2. 20	2. 09
1953	[3] 91	2. 21	[4] 2. 04
1954	90	2. 24	------------
1955	82½	2. 06	------------

[1] Method of support: 1938–46, loans; 1947–50, loans, purchases (in certain States), and purchase agreements; 1951–54, loans and purchase agreements. Support was mandatory during the entire period 1938–54.

[2] Based on parity prices as of July 1. Percentages shown for 1938 and 1939 are those announced at time the support level was announced.

[3] The percentage of parity shown for the 1953 crop year—91 percent—represents the relationship between the "forward" price and the parity price as of July 1, 1953.

[4] Preliminary.

BUTTERFAT

Butterfat (a "designated nonbasic" commodity): Average price-support levels and average prices received by farmers for the years 1938–54.

June 1, 1938–April 30, 1941: Loans were made to the Dairy Products Marketing Association by CCC to buy butter at prices specified by CCC, which were not to exceed 75 percent of the current parity price. The purchase prices approved by CCC for butter were as follows, in terms of 92-score butter, Chicago: 1938–39, a price of 25¼ to 25½ cents per pound; 1939–40, a price of 23¼ to 28¼ cents per pound; and 1940–41, a price of 27 to 30 cents per pound. Support was permissive.

April 3, 1941–November 27, 1942: On April 3, 1941, the Department of Agriculture announced that to encourage increased production it would support prices of dairy products through June 30, 1943, by open market purchases on the basis of 31 cents per pound for butter at Chicago. The support price for butter was increased several times and finally reached 39 cents per pound in July 1942. Support was permissive.

November 28, 1942–December 31, 1948: On November 28, 1942, the Department announced that butter would be supported during 1943 at not less than 90 percent of the parity price equivalent, but in no event less than 46 cents per pound for 92-score butter, Chicago basis. On May 4, 1944, the Department announced that the price of butterfat would be supported during 1944 at 90 percent of parity, but in no event less than 4 cents per pound of butterfat above returns to producers reflected by 46 cents per pound for 92-score butter at Chicago. During the remainder of the period (1945–48), support was available at not less than 90 percent of parity. No price support purchases were made during the period November 28, 1942–December 31, 1948, because of the strong commercial market demand for butter. Support was mandatory.

January 1, 1949–March 31, 1954: Price support, accomplished through purchases of butter, was available at the following prices per pound of butterfat and percentages of parity: January 1, 1949–December 31, 1949, 58.5 cents per pound (90 percent of the estimated January 1, 1949, parity price); January 1, 1950–March 31, 1951, 60 cents per pound (86 percent of the estimated January 1, 1950, parity price); April 1, 1951–March 31, 1952, 67.6 cents per pound (90 percent of the estimated April 1, 1951, parity price); April 1, 1952–March 31, 1953, 69.2 cents per pound (90 percent of the estimated April 1, 1952, parity price); April 1, 1953–March 31, 1954, 67.3 cents per pound, which was based on 90 percent of the April 1, 1953, parity price; April 1, 1954–March 31, 1955, 56.2 cents per pound, which was based on 75 percent of the April 1, 1954, parity price. Support was mandatory.

Annual average prices received by farmers for butterfat in cents per pound were as follows:

Year	Cents per lb.	Year	Cents per lb.
1938	26. 3	1946	64. 3
1939	23. 9	1947	71. 8
1940	28. 0	1948	79. 9
1941	34. 2	1949	61. 6
1942	39. 6	1950	62. 0
1943	49. 9	1951	71. 1
1944	50. 3	1952	74. 9
1945	50. 3	1953	65. 8

MANUFACTURING MILK

Manufacturing milk (a "designated nonbasic" commodity): Average price support levels and annual average prices received by farmers 1941–54.

April 3, 1941–August 28, 1941: On April 3, 1941, the Department of Agriculture announced that to encourage increased production it would support prices of dairy products through June 30, 1943, by open market purchases on the basis of 31 cents per pound for butter at Chicago. Support was permissive.

August 29, 1941–December 31, 1948: Price-support commitments were limited to these announcements by the Department: *August 29, 1941*. Prices of evaporated milk, dry skim milk, and cheese supported at 85 percent of parity or comparable price thereof during the period ending December 31, 1942. *November 28, 1942*. Prices of butter, cheese, dry skim milk, and evaporated milk supported during 1943 at 90 percent of the parity price equivalent; but in no event less than 46 cents per pound for 92-score butter, Chicago basis; the equivalent of 27 cents per pound, including subsidy, for No. 1 American cheese, Plymouth basis; 12.5 cents for roller and 14.5 cents for spray process dry skim milk; and a comparable price for evaporated milk, f. o. b. plant basis. *May 4, 1944*. Prices of milk and butterfat supported during 1944 at 90 percent of the parity price, but in any event returns to producers during the period ending December 31, 1944, not less than 30 cents per hundredweight for whole milk or 4 cents per pound for butterfat above returns to producers reflected by the following: A price for U. S. Grade A or No. 1 American Cheddar cheese of 27 cents per pound, Plymouth, Wis., basis; a price for spray-dried skim milk of 14.5 cents per pound, and for roller-dried skim milk of 12.5 cents per pound, U. S. extra grade, basis f. o. b. Midwest plants; and a price for U. S. Grade A or 92-score butter of 46 cents per pound, Chicago basis. During the remainder of the period (1945–48) support was required at not less than 90 percent of parity. Price-support purchases during this period (August 29, 1941–December 31, 1948) were limited to nonfat dry milk solids. From March 1947 to August 31, 1947, CCC purchased nonfat dry skim milk solids for price support at the following levels: Spray, 10 cents per pound in export barrels; and roller, 9 cents per pound. Support was mandatory.

January 1, 1949–December 31, 1949: Support level, $3.14 per hundredweight for milk used in manufacturing principal dairy products.

This was estimated to be 90 percent of the parity price equivalent as of April 1, 1949. Support, accomplished through offers to purchase certain manufactured dairy products, was mandatory.

January 1, 1950–March 31, 1951: Support level, $3.07 per hundredweight for milk used in manufacturing principal dairy products. This was estimated to be approximately 79 percent of the parity price equivalent as of January 1, 1950. Support, accomplished through offers to purchase certain manufactured dairy products, was mandatory.

April 1, 1951–March 31, 1952: Support level, $3.60 per hundredweight for milk used in manufacturing principal dairy products. This was estimated to be about 87 percent of the parity price equivalent as of April 1, 1950. Support, accomplished through offers to purchase certain manufactured dairy products, was mandatory.

April 1, 1952–March 31, 1953: Support level, $3.85 per hundredweight for milk used in manufacturing principal dairy products. This was estimated to be about 90 percent of the April 1, 1952, parity price equivalent. Support, accomplished through offers to purchase certain manufactured dairy products, was mandatory.

April 1, 1953–March 31, 1954: Support level, $3.74 per hundredweight for milk used in manufacturing principal dairy products. This price was based on 90 percent of the estimated April 1, 1953, parity price equivalent. Support, accomplished through offers to buy certain manufactured dairy products, was mandatory.

April 1, 1954–March 31, 1955: Support level, $3.15 per hundredweight for milk used in manufacturing principal dairy products. This price was based on 75 percent of the estimated April 1, 1954, parity price equivalent. Support, accomplished through offers to buy certain manufactured dairy products, was mandatory.

Calendar year average prices received by farmers for manufacturing milk, f. o. b. plants, in dollars per hundredweight, were as follows:

Year	*Dollars per cwt.*
1947	3. 76
1948	4. 24
1949	3. 14
1950	3. 22
1951	3. 91
1952	4. 10
1953 (preliminary)	3. 55

HONEY

Honey, wholesale extracted (a "designated nonbasic" commodity): Average price-support levels and average prices received by farmers for crops of 1947–54, inclusive.

1947 crop: Prices were supported by purchases of limited quantities of surplus dark or strong-flavored honey carried over from the 1947 crop. Purchases were made from packers who certified that they paid beekeepers not less than 10 cents per pound for honey delivered at packers' plants. Support was permissive.

1948 and 1949 crops: No support programs were in effect.

1950 crop: Prices were supported at 9 cents per pound for extracted honey packed in cans of 60-pound net capacity. The support price reflected 60 percent of the 60-pound-container parity price as of April 1, 1950. Support was accomplished through purchases from packers who paid not less than the applicable support price for all eligible honey acquired from beekeepers. Support was mandatory.

1951 crop: Prices were supported at 9.9 cents per pound for extracted honey packed in 60-pound containers. The support price reflected 60 percent of the 60-pound-container parity price as of April 1, 1951. (Most flavors of honey would be supported at 10 cents per pound to the beekeeper, it was announced on March 22, 1951; about a dozen flavors of limited commercial acceptability would be supported at 9 cents per pound. On April 5, 1951, it was announced that the support price for honey of wide acceptability for table use would be increased from 10 to 10.1 cents per pound.) Support was accomplished through purchases from packers who paid not less than the applicable support price for all eligible honey acquired from beekeepers. Support was mandatory.

1952 crop: Prices were supported at 11.4 cents per pound for extracted honey packed in 60-pound containers. The support price reflected 70 percent of the 60-pound-container parity price as of March 1, 1952. Support was accomplished through farm-storage and warehouse-storage loans and by an offer of the CCC to purchase honey delivered by producers under purchase agreements. (Beekeepers or cooperative associations of beekeepers could apply for loans and purchase agreements directly to county ASC committees, rather than sell their honey to packers under contract with CCC.) Support was mandatory.

1953 crop: Prices were supported at 10.5 cents per pound for extracted honey packed in 60-pound containers. The support price reflected 70 percent of the February 15, 1953, parity price adjusted to the 60-pound containers. Support was accomplished through nonrecourse farm-storage loans and purchase agreements available to any individual, partnership, association, or corporation producing honey in the 1953 marketing season. Support was mandatory.

1954 crop: Prices were supported at 10.2 cents per pound for extracted honey packed in 60-pound containers. The support price reflected 70 percent of the February 15, 1954, parity price adjusted to the 60-pound container level. Support was accomplished through nonrecourse farm-storage loans and purchase agreements available to any individual, partnership, association, or corporation producing honey in the 1954 marketing season. Support was mandatory.

Season average prices received by farmers for honey, wholesale, extracted, per pound were as follows:

Year	*Cents per lb.*
1947	22.0
1948	13.7
1949	11.1
1950	11.6
1951	11.9
1952	12.6
1953	12.9

MOHAIR

TABLE 25.—*Mohair (a "designated nonbasic" commodity): Average price-support levels and average prices received by farmers 1938–39 and 1950–55*

Marketing year	Level of support [1]		Season average price received by farmers
	Percentage of parity [2]	Average support level [3]	
	Percent	*Dollars per pound*	*Cents per pound*
1938	58	21.0	34.8
1939	61	21.0	47.3
1940–49 [4]			
1950	74.1	49.1	76.0
1951	74.1	53.4	118.0
1952	75	57.2	96.2
1953	80	60.7	88.6
1954	83	64.3	
1955	[5] 91	70.0	

[1] Method of support: 1938–39, loans; 1950–51, purchases; 1952, no method announced; 1953 and 1954, loans; and 1955, incentive payments. Support was permissive in 1938–39, but mandatory in 1950–54.

[2] Based on parity prices as of the following dates: 1938–39, Mar. 1; and 1950–1954, Apr. 1.

[3] Prices shown for 1938–39 were estimated on basis of loan rate of 20 cents per pound for adult and 30 cents per pound for kid mohair in Texas—adult mohair comprising 87 percent of the total.

[4] No support programs were in effect.

[5] Derived.

TUNG NUTS

Tung nuts (a "designated nonbasic" commodity): Average price-support levels and average prices received by farmers for crops of 1944–54, inclusive.

(Prior to 1944 CCC purchased tung oil for the strategic stockpile at 36 cents per pound in 1942 and 37.5 cents per pound in 1943. These purchase programs did not require processors to pay any specified prices to producers for tung nuts.)

1944 crop: Prices were supported at an average of $100 per ton for nuts and 36 cents per pound for oil. Support prices, based on nuts having 19.5 percent oil content, represented about 140 percent of the parity price as of November 1, 1944. Support, on a permissive basis, was accomplished through purchases of oil at 36 cents per pound from possessors who had paid producers $100 per ton for nuts.

1945 crop: Prices were supported at an average of $101.25 per ton for nuts and 36 cents per pound for oil. Support prices, based on nuts having 19.5 percent oil content, represented about 137 percent of the parity price as of November 1, 1945. Support, on a permissive basis, was accomplished through purchases of oil from processors, who had to agree to buy back the oil at 37 cents per pound or other-

wise CCC would purchase the oil at only 30 cents a pound. Processors had to make an initial payment of $81 per ton to producers and to make additional payments to the extent that their average sales price for oil was above 30 cents per pound. The support price of $101.25 per ton for tung nuts was computed on the basis of a ceiling price for oil of 37.5 cents per pound.

1946 crop: No support program was in effect.

1947 crop: Prices were supported at an average of $72 per ton for nuts and 25 cents per pound for oil. Support prices were based on nuts having 20 percent oil content. Support, on a permissive basis, was accomplished through purchases of oil from processors at 25 cents per pound—the processors agreeing to pay producers $72 per ton for tung nuts. In 1947 oil purchases also were made from producers of tung nuts. (No calculation of the support price in terms of the parity price is available.)

1948 crop: No support program was in effect.

1949 crop: Prices were supported at an average of $60 per ton for nuts and 24.1 cents per pound for oil, prices being based on 60 percent of the November 1 parity price and on nuts having 17.5 percent oil content. Support, on a permissive basis, was accomplished through purchase agreements with producers.

1950 crop: Prices were supported at an average of $63 per ton for nuts and 25.1 cents per pound for oil, prices being based on 60 percent of the November 1 parity price and on nuts having 17.5 percent oil content. Support, on a mandatory basis for tung nuts only, was accomplished through purchase agreements for nuts and purchase agreements and loans for oil.

1951 crop: Prices were supported at an average of $67.20 per ton for nuts and 26.5 cents per pound for oil, prices being based on 60 percent of the November 1 parity price and on nuts having 17.5 percent oil content. Support, on a mandatory basis for tung nuts only, was accomplished through purchase agreements for nuts and purchase agreements and loans for oil.

1952 crop: Prices were supported at an average of $67.20 per ton for nuts and 26.5 cents per pound for oil, prices being based on 62.2 percent of the parity price as of August 1 and on nuts having 17.5 percent oil content. Support, on a mandatory basis for tung nuts only, was accomplished through purchase agreements and loans for oil.

1953 crop: Prices were supported at an average of $63.38 per ton for nuts and 23.9 cents per pound for oil, prices being based on 65 percent of the parity price as of October 1, 1953, and on nuts having 18.5 percent oil content. Support was accomplished through purchase agreements for tung nuts and purchase agreements and loans for oil.

1954 crop: Prices were supported at an average of $54.96 per ton, basis 18.5 percent oil content. The equivalent support price for tung oil was 21.2 cents per pound. These support prices reflected 60 percent of parity as of September 15, 1954, the parity price being $91.60 per ton on that date. Support, on a mandatory basis for tung nuts only, was accomplished through purchase agreements and loans for oil.

Season average prices received by growers, in dollars per ton for tung nuts, were as follows:

Year	*Dollars per ton*
1944	102. 00
1945	98. 90
1946	96. 90
1947	64. 90
1948	49. 10
1949	63. 70
1950	111. 00
1951	106. 00
1952	79. 80
1953	66. 20

WOOL

TABLE 26.—*Wool: Average price-support levels and average prices received by farmers 1938–39 and 1943–55*

Marketing year	Level of support [1]		Season average price received by farmers
	Percentage of parity [2]	Average support level	
	Percent	*Cents per pound*	*Cents per pound*
1938	75	18. 0	19. 1
1939	78	18. 0	22. 3
1940–42 [3]			
1943	141	41. 7	41. 6
1944	135	42. 4	42. 3
1945	132	41. 9	41. 9
1946	129	42. 3	42. 3
1947	101	42. 3	42. 0
1948	94	42. 3	49. 2
1949	94	42. 3	49. 4
1950	90	45. 2	62. 1
1951	90	50. 7	97. 0
1952	90	54. 2	54. 1
1953	90	53. 1	54. 7
1954	90	53. 2	
1955	[4] 106	[5] 62. 0	

[1] Method of support: 1938–39, loans; 1943–51, purchases; 1952–54, loans and purchases (the latter limited to purchases of pulled wool); and 1955, incentive payments.

Support was permissive in 1938–39 and in 1943–46; in 1947, support was permissive to Apr. 15, no program was in effect from Apr. 15 to Aug. 15, and support was mandatory after Aug. 15. In 1948–53, support was mandatory.

[2] Based on parity prices as of the following dates: 1938–39, Mar. 1; and 1943–54, Apr. 1.

[3] No support program was in effect.

[4] Derived.

[5] Incentive price for shorn wool.

BARLEY

TABLE 27.—*Barley (an "other" commodity): Average price-support levels and average prices received by farmers for crops of 1940 to 1954, inclusive*

Crop of—	Level of support [1]		Season average price received by farmers
	Percentage of parity [2]	Average support level	
	Percent	*Dollars per bushel*	*Dollars per bushel*
1940	44	0. 35	0. 393
1941	57	. 45	. 545
1942	60	. 55	. 633
1943	76	. 75	. 996
1944	81	. 85	1. 01
1945	75	. 80	1. 01
1946	75	. 83	1. 38
1947	73	1. 03	1. 73
1948	75	1. 15	1. 16
1949	72	1. 09	1. 06
1950	75	1. 10	1. 19
1951	75	1. 11	1. 26
1952	80	1. 22	1. 38
1953	85	1. 24	[3] 1. 17
1954	85	1. 15	-----------

[1] Prices were supported over the entire period 1940–54 by loans and also, over the period 1947–54 by purchase agreements. Support over the entire period 1940–54 was permissive.

[2] Based on parity prices as of the following dates: 1940, May 1; 1941–46, Mar. 1; 1947–49, May 1; 1950, July 1; 1951, Feb. 1; 1952, Sept. 1, 1951; 1953, Sept. 1, 1952, and 1954, Oct. 1, 1953.

[3] Preliminary.

BEANS, DRY EDIBLE

TABLE 28.—*Dry edible beans (an "other" commodity): Average price-support levels and average prices received by farmers for crops of 1941–54*

Crop of—	Level of support [1]		Season average price received by farmers
	Percentage of parity [2]	Average support level [3]	
	Percent	*Dollars per hundredweight*	*Dollars per hundredweight*
1941	(2)	5. 00	4. 55
1942	90	4. 61	5. 16
1943	90	5. 00	6. 05
1944	90	5. 16	6. 28
1945	90	5. 25	6. 56
1946	90	6. 18	10. 60
1947	90	7. 13	11. 60
1948	90	7. 61	7. 87
1949	80	6. 55	6. 59
1950	75	6. 30	7. 44
1951	75	6. 69	7. 91
1952	85	7. 87	8. 67
1953	87	7. 79	[4] 8. 28
1954	80	7. 24	------------

[1] Prices were supported by the following methods: 1941–42, purchases; 1943–46, loans, purchases, payments to processors under the subsidy program, and purchases from processors; 1947–54, loans and purchase agreemeets.

Support was permissive in 1941, mandatory in the years 1942–49, and permissive in the years 1950–54.

[2] Based on parity prices as of the following dates: 1941, not available; 1942–49, Sept. 1; 1950, Dec. 1, 1949; 1951–52, Feb. 1; 1953, Jan. 1; and 1954, March 1.

[3] The support price for 1941 was for U. S. No. 1 beans delivered eastern seaboard; the grower equivalent is not available. For the period 1942–48, and in 1952, support levels shown are the equivalent support prices for all varieties of beans at the producer level, and prices were announced on a grade basis by varieties, f. o. b. country shipping point. For the period 1941–51, support prices shown were announced.

[4] Preliminary.

COTTONSEED

TABLE 29.—*Cottonseed (an "other" commodity): Average price-support levels and average prices received by farmers for crops of 1942 to 1945 and 1949 to 1954, inclusive*

Crop of—	Level of support [1]		Season average prices received by farmers
	Percentage of parity [2]	Average support level for basis grade 100	
	Percent	*Dollars per ton*	*Dollars per ton*
1942	139	[3] 49. 00	45. 61
1943	142	[3] 55. 00	52. 10
1944	138	[3] 55. 00	52. 70
1945	136	[3] 55. 00	51. 10
1946–48 [4]	-----------	-----------	-----------
1949	90	[5] 50. 65	43. 40
1950	73	[5] 51. 00	86. 60
1951	90	[5] 65. 50	69. 30
1952	90	[5] 66. 40	69. 60
1953	75	54. 50	[6] 52. 70
1954	75	54. 00	-----------

[1] Prices of cottonseed were supported through purchases of oil, meal, and linters from processors who paid support prices for cottonseed during the period 1942–45. In 1949, support was achieved through both loans and purchases, including purchases made through ginners acting as agents for CCC. In 1950–52, prices were supported through loans, purchase agreements, and purchases, including purchases of cottonseed from ginners. In 1953–54, prices were supported through loans and purchases, including purchases of oil, meal, and linters from processors and purchases of cottonseed from ginners. Support was permissive.

[2] Parity percentages shown for the years 1942–45 are based on the relationship between parity prices as of Aug. 1 and the expected average price to growers. For the period 1949–54 parity percentages shown relate to parity prices on the following dates: 1949, Aug. 1; 1950, Sept. 1; 1951, Feb. 1; 1952, Dec. 1; 1951 and 1953, June 1: and 1954, April 1.

[3] Support price, f. o. b. shipping point. Support price was $1 per ton higher in States other than Oklahoma, Texas (except Bowie County), and New Mexico.

[4] No support programs were in effect.

[5] Loan rate. Purchases from producers were made at the following prices: 1949, $46.50 (average grade); 1950, $47 (basis grade 100); 1951, $61.50 (basis grade 100); 1952, $62.40 (basis grade 100); 1953, $50.50 (basis grade 100); and 1954, $50.00 (basis grade 100).

[6] Preliminary.

FLAXSEED

TABLE 30.—*Flaxseed (an "other" commodity): Average price-support levels and average prices received by farmers for crops of 1941 to 1954, inclusive*

Crop of—	Level of support [1]		Season average price received by farmers
	Percentage of parity [2]	Average support level [3]	
	Percent	*Dollars per bushel*	*Dollars per bushel*
1941	76	1. 70	1. 79
1942	86	2. 20	2. 36
1943	97	2. 64	2. 83
1944	95	2. 74	2. 91
1945	96	2. 79	2. 89
1946	115	3. 39	4. 03
1947	160	5. 75	6. 15
1948	143	5. 75	5. 71
1949	90	3. 74	3. 63
1950	60	2. 57	3. 34
1951	60	2. 65	3. 72
1952	80	3. 77	3. 72
1953	80	3. 79	[4] 3. 57
1954	70	3. 14	

[1] Prices were supported as follows: 1941–54, loans; 1942–54, purchases; 1947–49, purchase contracts with processors; 1949–54, purchase agreements. Support was permissive in 1941, mandatory in 1942–50; and permissive in 1951–54.

[2] Percentages shown for the years 1941 to 1948, inclusive, were computed by dividing the average support level by the applicable parity price at the time the program was announced, as follows: 1941, Aug. 1; 1942, June 1; 1943, Apr. 1; 1944–45, Mar. 1; 1946, Nov. 1, 1945; 1947, Jan. 1; and 1948, Oct. 1, 1947. For the years, 1949 to 1953, inclusive, the percentages of parity shown are for the following dates: 1949–50, Apr. 1; 1951, Sept. 1, 1950; 1952, Sept. 1, 1951; 1953, Sept. 1, 1952; and 1954, Oct. 1, 1953.

[3] Average support levels shown are at farmers' local markets. Price support announcements usually were on a terminal market basis. The average support levels shown for the years 1943-49 were obtained by subtracting freight and about 8 cents per bushel from the terminal rate at Minneapolis. In 1943–46, this factor was 21 cents per bushel; in 1947–49 it was 25 cents per bushel.

[4] Preliminary.

GUM NAVAL STORES

TABLE 31.—*Gum naval stores (an "other" commodity): Average price-support levels for marketing years 1934 to 1954, inclusive*

Marketing year	Level of support [1]							
	Percentage of parity [2]				Average support level			
	Rosin	Turpentine	Crude pine gum [3]	Production unit [4]	Rosin [5]	Turpentine	Crude pine gum [3]	Production unit [4]
	Percent	*Percent*	*Percent*	*Percent*	*Dollars per hundredweight*	*Dollars per gallon*	*Dollars per standard barrel, gross weight*	*Dollars per production unit*
1934	61	71		65	1. 95	0. 42		48. 30
1935	59	69		63	1. 95	. 42		48. 30
1936–37 [6]								
1938	72	32		56	2. 34	. 1945		42. 48
1939	77	34		60	2. 44	. 197		44. 01
1940	69	37		56	2. 21	. 217		41. 79
1941 to Aug. 1	71	48		62	1. 97	. 287		41. 93
After Aug. 1	71	48		62	2. 47	. 287		48. 93
1942 purchase rate	93	93		93	3. 55	. 65		82. 20
Loan rate	85	85		85	3. 05	. 55		70. 20
1943 purchase rate	95	95		95	3. 70	. 68		85. 80
Loan rate	90	90		90	3. 50	. 64		81. 00
1944 purchase rate	95	95		95	4. 03	. 74		93. 42
Loan rate	90	90		90	3. 82	. 70		88. 48
1945	90	90		90	3. 89	. 72		90. 46
1946	90	90		90	4. 05	. 7443		93. 92

See footnotes at end of table.

TABLE 31.—*Gum naval stores (an "other" commodity): Average price-support levels for marketing years 1934 to 1954, inclusive*—Continued

Marketing year	Level of support [1]							
	Percentage of parity [2]				Average support level			
	Rosin	Turpentine	Crude pine gum [3]	Production unit [4]	Rosin [5]	Turpentine	Crude pine gum [3]	Production unit [4]
	Percent	*Percent*	*Percent*	*Percent*	*Dollars per hundredweight*	*Dollars per gallon*	*Dollars per standard barrel, gross weight*	*Dollars per production unit*
1947	111	58	----------	90	6. 33	0. 608	----------	119. 02
1948 to June 8	113	56	----------	90	7. 09	. 645	----------	131. 51
After June 8	126	42	----------	90	7. 97	. 40	----------	131. 58
1949	109	35	----------	80	6. 72	. 40	----------	114. 08
1950	73	38	----------	60	4. 77	. 40	----------	86. 82
1951 [3]	----------	----------	90	90	7. 37	. 50	27. 28	128. 21
1952	----------	----------	90	90	7. 48	. 50	27. 60	129. 72
1953	----------	----------	90	90	7. 49	. 50	27. 62	129. 81
1954	----------	----------	90	90	7. 52	. 50	27. 73	130. 33

[1] Method of support: 1934–54, loans; and in 1942–44, purchases. Support was permissive over period 1934–54.
[2] Based on parity prices as of following dates: 1934, July 1; 1935, May 1; 1938–39, Apr. 1; 1940–41, Dec. 1; 1942 (purchase program) June 1, (loan program) Dec. 1; 1943, Dec. 1; 1944, Feb. 1; 1945–47, Apr. 1; 1948, Feb. 1; 1949, Mar. 1; 1950–51, Apr. 1; 1952, Dec. 1, 1951; 1953, Dec. 1, 1952; and 1954, Feb. 1.
[3] Beginning in 1951, parity prices for rosin and turpentine were replaced by a parity price for crude pine gum, processed basis, and the support level for turpentine and rosin was based on a specified percentage of the parity price for crude pine gum.
[4] Production unit of 1,400 pounds of gum rosin and 50 gallons of gum turpentine.
[5] Rosin loan rate from 1934–49 was based on the average crop grade K; thereafter it was based on the average crop grade N.
[6] No support program was in effect.

OATS

TABLE 32.—*Oats (an "other" commodity): Average price-support levels and average prices received by farmers for crops of 1945 to 1954, inclusive*

Crop of—	Level of support [1]		Season average price received by farmers
	Percentage of parity [2]	Average support level	
	Percent	*Cents per bushel*	*Cents per bushel*
1945	70	48	65. 0
1946	74	53	80. 5
1947	69	63	104. 0
1948	70	70	71. 7
1949	70	69	65. 5
1950	75	71	78. 8
1951	75	72	82. 0
1952	80	78	78. 8
1953	85	80	[3] 74. 7
1954	85	75	------------

[1] Prices were supported during the period 1945–54 through loans and also, during the period 1947–54, through purchase agreements. Support was permissive during the entire period 1945–54.

[2] Based on parity prices as of the following dates: 1945–46, Apr. 1; 1947–49, May 1; 1950, July 1; 1951, Feb. 1; 1952, Sept. 1, 1951; 1953, Sept. 1, 1952; 1954, Oct. 1, 1953.

[3] Preliminary.

RYE

TABLE 33.—*Rye (an "other" commodity): Average price-support levels and average prices received by farmers for crops of 1939 to 1954, inclusive*

Crop of—	Level of support [1]		Season average price received by farmers
	Percentage of parity [2]	Average support level	
	Percent	*Dollars per bushel*	*Dollars per bushel*
1939	38	0. 35	0. 426
1940	38	. 35	. 399
1941	53	. 49	. 520
1942	55	. 60	. 583
1943	64	. 75	. 977
1944	61	. 75	1. 09
1945	60	. 75	1. 36
1946	(3)	(3)	1. 94
1947	(3)	(3)	2. 28
1948	72	1. 29	1. 43
1949	72	1. 27	1. 20
1950	75	1. 28	1. 31
1951	75	1. 30	1. 52
1952	80	1. 42	1. 72
1953	85	1. 43	[4] 1. 30
1954	85	1. 43	----------

[1] Method of support: 1939–45, loans; 1948–54, loans and purchase agreements. Support was permissive during the period 1939–54.
[2] Based on parity prices as of the following dates: 1939, July 1; 1940, Apr. 1; 1941, May 1; 1942–43, July 1 estimated; 1944, Apr. 1; 1945, Mar. 1; 1948–49, May 1; 1950, July 1; 1951, Feb. 1; 1952, Sept. 1, 1951; 1953, Sept. 1, 1952; and 1954, Oct. 1, 1953.
[3] No support program was in effect.
[4] Preliminary.

SORGHUM GRAIN

TABLE 34.—*Sorghum grain (an "other" commodity): Average price-support levels and average prices received by farmers for crops of 1940 to 1954, inclusive*

Crop of—	Level of support [1]		Season average price received by farmers
	Percentage of parity [2]	Average support level	
	Percent	*Dollars per hundredweight*	*Dollars per hundredweight*
1940	35	0. 54	0. 87
1941	46	. 71	1. 03
1942	55	. 98	1. 41
1943	78	1. 52	2. 04
1944	83	1. 70	1. 63
1945	79	1. 65	2. 14
1946	80	1. 72	2. 50
1947	76	2. 12	3. 27
1948	77	2. 31	2. 29
1949	70	2. 09	2. 02
1950	65	1. 87	1. 88
1951	75	2. 17	2. 36
1952	80	2. 38	2. 82
1953	85	2. 43	[3] 2. 36
1954	85	2. 28	-----------

[1] Prices were supported during the period 1940–54 through loans and, during the period 1947–54, through purchase agreements. Support during the period 1940–54 was permissive.

[2] Based on parity prices as of the following dates: 1940–46, Mar. 1; 1947–49, May 1; 1950, July 1; 1951, Feb. 1; 1952, Sept. 1, 1951; 1953, Sept. 1, 1952; and 1954, Oct. 1, 1953.

Parity prices shown for the years 1940–43 were based on unpublished parity prices.

[3] Preliminary.

SOYBEANS

TABLE 35.—*Soybeans (an "other" commodity): Average price-support levels and average prices received by farmers for crops of 1941 to 1954, inclusive*

Crop of—	Level of support [1]		Season average price received by farmers
	Percentage of parity [2]	Average support level	
	Percent	*Dollars per bushel*	*Dollars per bushel*
1941	81	1.05	1.55
1942	110	1.60	1.60
1943	113	1.80	1.81
1944	125	2.04	2.05
1945	122	2.04	2.08
1946	104	2.04	2.57
1947	90	2.04	3.33
1948	90	2.18	2.27
1949	90	2.11	2.16
1950	80	2.06	2.47
1951	90	2.45	2.73
1952	90	2.56	2.72
1953	90	2.56	[3] 2.68
1954	80	2.22	------------

[1] Method of support: 1941–46, loans; 1947–49, loans, purchases, and purchase agreements; 1950–54, loans and purchase agreements. Support was permissive in 1941; mandatory in 1943–49; and permissive again in 1950–54.

[2] Based on parity as of the following dates: 1941–50, Sept. 1; 1951, Feb. 1; 1952, Dec. 1, 1951; 1953, Oct. 1, 1952; and 1954, Jan. 1. Percentage shown for 1941 was computed from the estimated comparable price; percentages shown for 1942–49 were computed as percentages of the comparable price.

[3] Preliminary.

TABLE 36.—*Net realized gains and losses of the Commodity Credit Corporation on the price-support program, by commodities, from Oct. 17, 1933, through June 30, 1954* [1]

Commodity	Oct. 17, 1933, through June 30, 1941	July 1, 1941, through June 30, 1946	July 1, 1946, through June 30, 1950	July 1, 1950, through June 30, 1954	Oct. 17, 1933, through June 30, 1954
	Dollars	*Dollars*	*Dollars*	*Dollars*	*Dollars*
Basic commodities:					
Corn	*20, 078, 488	*14, 336, 569	*17, 003, 844	*99, 994, 286	*151, 413, 187
Cotton	*27, 401, 798	218, 328, 306	48, 587, 399	26, 908, 802	266, 422, 709
Cotton, Puerto Rican	------	*126, 011	*4, 187		*130, 198
Cotton, export differential	------	*27, 651, 360	*13, 709, 858	------	*41, 361, 218
Cotton-rubber barter	------	11, 055, 451	------	------	11, 055, 451
Peanuts	------	------	*66, 417, 360	*49, 590, 857	*116, 008, 217
Rice	------	------	*1, 291, 994	400, 686	*891, 308
Tobacco	*2, 107, 589	7, 074, 300	378, 256	*4, 659, 524	685, 443
Wheat	*6, 199, 460	*11, 775, 173	*31, 530, 327	*116, 961, 434	*166, 466, 394
Total	*55, 787, 335	182, 568, 944	*80, 991, 915	*243, 896, 613	*198, 106, 919
Designated nonbasic commodities:					
Milk and butterfat:					
Butter	------	------	*4, 111, 861	*80, 321, 499	*84, 433, 360
Cheese	------	------	*1, 031, 078	*36, 653, 827	*37, 684, 905
Milk, dried	------	------	*14, 066, 310	*131, 053, 852	*145, 120, 162
Honey	------	------	*874, 470	12, 344	*862, 126
Potatoes, Irish	------	*25, 197, 222	*389, 303, 437	*63, 614, 282	*478, 114, 941
Tung oil	------	------	*311, 561	229, 521	*82, 040
Wool	*176	*15, 834, 163	*76, 449, 116	*411, 805	*92, 695, 260
Total	*176	*41, 031, 385	*486, 147, 833	*311, 813, 400	*838, 992, 794
Other nonbasic commodities:					
Barley	------	*40, 019	*3, 230, 613	*8, 840, 661	*12, 111, 293
Beans, dry edible	------	*179, 753	*876, 176	*41, 046, 593	*42, 102, 522
Castor beans	------	*171, 224	31	------	*171, 193
Cotton, American Egyptian	------	*538, 573	43, 598	523, 776	28, 801

See footnotes at end of table.

TABLE 36.—*Net realized gains and losses of the Commodity Credit Corporation on the price-support program, by commodities, from Oct. 17, 1933, through June 30, 1954* [1]—Continued

Commodity	Oct. 17, 1933, through June 30, 1941	July 1, 1941, through June 30, 1946	July 1, 1946, through June 30, 1950	July 1, 1950, through June 30, 1954	Oct. 17, 1933, through June 30, 1954
	Dollars	*Dollars*	*Dollars*	*Dollars*	*Dollars*
Other nonbasic commodities—Continued					
Cottonseed and products	----------	----------	*597, 728	*4, 405, 028	*5, 002, 756
Eggs	----------	*224, 002	*79, 808, 061	*109, 587, 750	*189, 619, 813
Flax fiber	----------	----------	*397, 058	*55	*397, 113
Flaxseed and linseed oil	----------	*22, 209	*2, 558, 121	*114, 901, 433	*117, 481, 763
Fruit, dried	----------	*109, 489	*14, 818, 291	45, 460	*14, 882, 320
Grain sorghum	----------	437, 456	*14, 094, 985	*29, 017, 561	*42, 675, 090
Grapefruit juice	----------	----------	*1, 732, 374	----------	*1, 732, 374
Hemp and hemp fiber	----------	*20, 201, 375	*1, 256, 023	*1, 757	*21, 459, 155
Hops	*162, 036	*792, 164	----------	----------	*954, 200
Naval stores	*4, 435, 579	5, 997, 861	*977, 885	*1, 930, 612	*1, 346, 215
Oats	----------	----------	*455, 666	*5, 104, 142	*5, 559, 808
Olive oil	----------	----------	----------	*168, 532	*168, 532
Peas, dry edible	----------	*3, 012	*658, 012	*228, 412	*889, 436
Pecans	----------	*3, 751	----------	----------	*3, 751
Rye	*4, 575	60, 751	*210, 464	*77, 180	*231, 468
Seeds	----------	*148, 193	*433, 434	*22, 282, 495	*22, 864, 122
Soybeans	----------	----------	4, 526, 337	*810, 616	3, 715, 721
Sugar, Puerto Rican and Virgin Island	----------	----------	23, 830	----------	23, 830
Sugar beets	----------	----------	*16, 517, 269	----------	*16, 517, 269
Sweetpotatoes	----------	----------	*134, 648	*773	*135, 421
Turkeys	----------	----------	40, 255	*29, 185	11, 070
Vegetables, canned	----------	*6, 888	18, 830	----------	11, 942
Total	*4, 602, 190	*15, 944, 584	*134, 103, 927	*337, 863, 549	*492, 514, 250
Total price support	*60, 389, 701	125, 592, 975	*701, 243, 675	*893, 573, 562	*1, 529, 613, 963

[1] Also see table 37, which shows overall costs of Department of Agriculture programs aimed primarily at, or having the effect of, stabilizing prices and farm income.

*Denotes loss.

LEGAL PROVISIONS AFFECTING DISPOSALS

There are a number of legal authorizations for disposing of agricultural commodities acquired by CCC under its price support program.

Section 5, Commodity Credit Corporation Charter Act, as amended, contains broad authority. It provides that CCC may remove and dispose of or aid in the removal or disposition of agricultural commodities; increase the domestic consumption of agricultural commodities by expanding or aiding in the expansion of domestic markets or by developing or aiding in the development of new and additional markets, marketing facilities, and uses for such commodities; and export or cause to be exported, or aid in the development of foreign markets for, agricultural commodities.

Section 4 (b), Commodity Credit Corporation Charter Act, as amended, authorizes the barter and exchange of CCC-owned commodities for (1) strategic materials; (2) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs; or (3) materials or equipment required in substantial quantities for offshore construction programs. The Secretary of Agriculture is also directed to assist farmers' cooperatives in bartering their agricultural commodities for strategic materials.

Title I, Agricultural Act of 1954, provides that the commodity set-aside (*see* p. 14) shall be disposed of by: (1) Donation, sale, or other disposition for foreign relief; (2) sale or barter (including barter for strategic materials) to develop new or expanded markets; (3) donation to school lunch programs; (4) transfer to the national stockpile; (5) donation, sale, or other disposition for research, experimental, or educational purposes; (6) donation, sale, or other disposition for disaster relief purposes in the United States or to meet any national emergency declared by the President; and (7) sales to meet a need for increased supplies, in which case the sales price must not be less than 105 percent of the parity price.

Section 416, Agricultural Act of 1949, as amended, provides that, to prevent waste of CCC-owned commodities acquired through price support, CCC is authorized (1) to make the commodities available to any Federal agency for use in paying for commodities not produced in the United States; (2) to barter the commodities for strategic or other materials; (3) to donate the commodities to the Bureau of Indian Affairs and to properly designated and approved State, Federal, or private agencies for use in the United States in school lunch programs, in the assistance of needy persons, and in charitable institutions, including hospitals, to the extent that needy persons are served; and (4) to donate commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies assisting needy persons outside the United States.

CCC may pay reprocessing, packaging, transporting, handling, and other charges accruing up to the time of the delivery of the commodities to a Federal agency or to the designated State or private agency, in the case of commodities made available for use within the United States, or their delivery free alongside ship or free on board export carrier at point of export, in the case of commodities for use outside the United States.

Title I, Agricultural Trade Development and Assistance Act of 1954, authorizes the President "to negotiate and carry out agreements with

friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies."

The President is directed to safeguard usual marketings of the United States and to assure that export sales will not disrupt world prices; to use private trade channels to the maximum extent; to develop and expand continuous market demand abroad for agricultural commodities; to prevent resale of commodities obtained by participating countries under the act; and to afford friendly nations maximum opportunity to purchase surplus farm products from the United States.

CCC is directed to make its surpluses available for sale and to make funds available to finance the sale and exportation of CCC-owned stocks or from stocks privately owned if CCC is not able to supply the commodity from its owned stocks. CCC also has authority to finance the sale and exportation of privately owned stocks if CCC's stocks are reduced through arrangements whereby the private exporter acquires the same commodity of comparable value or quantity from CCC. In supplying commodities to private exporters under the latter arrangement, CCC is not subject to the sale price restriction in section 407 of the Agricultural Act of 1949, as amended.

Sales for foreign currencies are not to exceed $700,000,000.

The foreign currencies obtained under the act are to be used (1) to develop new markets for United States agricultural commodities; (2) to buy strategic and critical materials for a supplemental stockpile; (3) to buy military equipment, materials, facilities, and services; (4) to pay for goods or services for other friendly countries; (5) to promote balanced economic development and trade among nations; (6) to pay United States obligations abroad; (7) to make loans to promote multilateral trade and economic development; and (8) to finance international exchange activities.

Title II, Agricultural Trade Development and Assistance Act of 1954, directs CCC to make surplus agricultural commodities available for transfer (1) to any nation friendly to the United States in order to meet famine or other urgent relief requirements, and (2) to friendly but needy populations without regard to the friendliness of their government. Title II also authorizes the transfer of CCC-owned surpluses on a grant basis to assist programs undertaken with friendly governments or voluntary relief agencies, provided that the transfers do not displace or interfere with sales that might otherwise be made.

Not more than $300,000,000 is to be spent for transfers under Title II.

Section 407, Agricultural Act of 1949, outlines policies CCC must follow in the sale of commodities it owns or controls.

CCC is directed to establish policies with respect to prices, terms, and conditions that will not discourage or deter manufacturers, processors, and dealers from acquiring and carrying normal inventories of the commodity of the current crop. CCC shall not sell any basic agricultural commodity or storable nonbasic commodity at less than 5 percent above the current support price, plus reasonable carrying charges.

The above restrictions do not apply to (*a*) sales for new or byproduct uses; (*b*) sales of peanuts and oilseeds for the extraction of oil; (*c*) sales for seed or feed if such sales will not substantially impair

any price-support program; (*d*) sales of commodities which have substantially deteriorated in quality or as to which there is a danger of loss or waste through deterioration or spoilage; (*e*) sales for the purpose of establishing claims; (*f*) sales for export; (*g*) sales of wool; and (*h*) sales for other than primary uses.

The restrictions also do not apply to sales which are desirable because of the small quantities involved, or because of age, location, or questionable continued storability. Such sales, however, are to be offset by such purchases as are necessary to prevent the sales from substantially impairing any price-support program, although the purchase price is not to exceed the current support price.

CCC is directed to make available its farm commodities or products for use in relieving distress (1) in any United States area declared by the President to be an acute distress area because of unemployment or other economic cause if the President finds that such use will not displace or interfere with normal marketing of agricultural commodities, and (2) in connection with any major disaster determined by the President to warrant assistance by the Federal Government.

Section 208, Agricultural Act of 1954, provides that "notwithstanding the provisions of section 407 of the Agricultural Act of 1949, as amended, or any other law," CCC may until March 1, 1955, sell at the point of storage any feed grain owned by CCC at 10 percent above the current support price for the commodity.

Section 201 (c), Agricultural Act of 1949, as amended, provides that CCC, until December 31, 1956, shall make available to veterans hospitals and the armed forces dairy products acquired under price-support programs. The dairy products are to be made available without charge at the place where they are stored, except that the Secretary of the Army and the Administrator of Veterans Affairs are to pay the costs of packaging.

Certain disposal activities are carried on under *Section 32, Public Law No. 320, 74th Congress.* These activities are discussed in some detail in the chapter, entitled "Section 32 Programs," which begins on page 26.

TABLE 37.—*Realized cost of programs aimed primarily at, or having the effect of, stabilizing agricultural prices and farm income, by programs, fiscal years 1932–54* [1]

Program	Realized cost	Program	Realized cost
Commodity Credit Corporation:	*Million dollars*	Agricultural adjustment programs (principally acreage allotments and marketing quotas)	*Million dollars* [6] 83.7
Price support programs	[2] 1,529.6	Parity payments	1,016.6
Supply, foreign purchase, commodity export, and other CCC activities	[3] 253.8	Retirement of cotton pool participation trust certificates	1.4
Administrative and other general costs	402.3	Agricultural Adjustment Act of 1933 and related legislation	[7] 571.1
Total Commodity Credit Corporation (net)	1,678.1	Removal of surplus cattle and dairy products	76.6
International programs for commodity sales or disposal (primarily International Wheat Agreement)	691.5	Agricultural Marketing Act Revolving Fund and payments to stabilization corporations for losses incurred (Federal Farm Board losses)	378.6
Removal of surplus commodities (Section 32)	[4] 1,745.2	Other	[8] 14.7
Sugar Act	[5] [3] 310.8		
Federal Crop Insurance (net)	167.7	Total cost (net)	8,469.2
Acreage allotment payments under the Agricultural Conservation Program	2,354.8		

[1] The tabulation is based on "Realized Cost of Agricultural and Related Programs, by Function or Purpose, Fiscal years 1932–54" prepared by the Office of Budget and Finance, U. S. Department of Agriculture.

[2] See table 36 for details.

[3] Denotes gain.

[4] Represents expenditures as reflected in Treasury Combined Statement, as of June 30, 1954. Also, see footnote 2 to the tabulation at bottom of p. 33.

[5] This is a net figure which includes expenditures of $905,600,000 and sugar tax collections of $1,216,400,000.

[6] This is a net figure which includes gross expenditures of $134,100,000 and miscellaneous receipts of $50,400,000.

[7] This is a net figure which includes gross expenditures of $1,482,600,000 and processing taxes and miscellaneous receipts of $911,500,000.

[8] This is a net figure which includes gross expenditures of $29,900,000 and miscellaneous receipts of $15,200,000.

TABLE 38.—*Realized cost of programs aimed primarily at, or having the effect of, stabilizing agricultural prices and farm income, by commodities, fiscal years 1932–54* [1]

Commodity	Realized cost	Commodity	Realized cost
	Million dollars		*Million dollars*
Apples	81.5	Oats	12.0
Apricots	1.6	Oats, rolled	3.4
Barley	12.1	Olive oil	.5
Beans, dry edible	68.8	Oranges (fruit and juice)	56.6
Beef	85.6	Peaches	10.0
Blackberries	.1	Peanut butter	1.7
Butter	253.3	Peanuts	163.0
Castor beans	.2	Pears	12.6
Cattle and dairy products	76.6		
Cheese	64.1	Peas (canned, dried, and fresh)	3.2
Cherries	2.2	Pineapples	.1
Citrus	[2] .1	Plums	.6
Citrus (juice and salad)	.3	Pork	66.0
Coffee	.6	Pork and beans	2.1
Corn	984.0	Potatoes, Irish	637.9
Cornmeal	17.5	Potatoes, sweet	4.0
Corn-hog program	226.7	Prunes	36.6
Cotton	1,581.4	Raisins	35.1
Cottonseed and products	46.2	Rice	35.3
Cranberries	2.3	Rye	.3
Dates	.4	Seeds	18.2
Eggs	331.5	Shortening, vegetable	.1
Figs	2.6	Soup	.9
Fish	1.2	Soybeans	[2] 3.8
Flax	21.8	Sugar	[2] 296.4
Flaxseed and linseed oil	123.3	Syrup	.4
Fruits, dried	14.9	Tangerines	1.1
General depleting crops	627.5	Tobacco	97.0
Grain sorghums	48.7	Tung oil	.1
Grapes	.5	Turkeys	33.4
Grapefruit (fruit and juice)	27.8		
Hay	11.5	Vegetables (excluding potatoes and sweetpotatoes)	57.8
Hemp and hemp fiber	21.5	Wheat and wheat products	1,972.2
Hominy grits	3.5	Wool	105.0
Honey	13.0		
Hops	1.7		
Lard	19.3	Total, all commodities	8,149.1
Lemons (fruit and juice)	.4	Interest payments	367.4
Milk	58.3	Imputed interest cost	59.2
Milk, dried	145.1	Interest income	[2] 180.0
Miscellaneous commodities (largely payments to stabilization corporations)	76.0	Other costs not allocable to commodities	76.3
Multiple crops	4.6	Receipts not allocable by commodities	[2] 2.8
Naval stores	1.4		
Nuts	20.6	Realized cost (net)	8,469.2

[1] The tabulation is based on "Realized Cost of Agricultural and Related Programs, by Function or Purpose, Fiscal years 1932–54" prepared by the Office of Budget and Finance, U. S. Department of Agriculture.

[2] Denotes gain.

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